

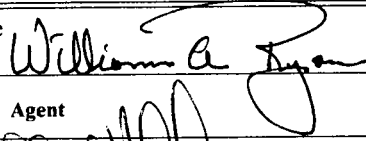
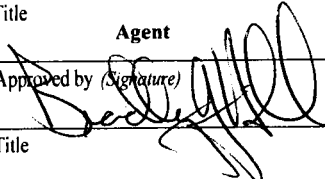
UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

| | | | |
|---|--|--|--|
| 1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER | | 5. Lease Serial No. UTU-76280 | |
| 1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input checked="" type="checkbox"/> Multiple Zone | | 6. If Indian, Allottee or Tribe Name | |
| 2. Name of Operator The Houston Exploration Company | | 7. If Unit or CA Agreement, Name and No. | |
| 3a. Address 1100 Louisiana, Suite 2000 Houston, TX, 77002 | | 8. Lease Name and Well No. North Walker Hollow 12-29-6-23 | |
| 3b. Phone No. (include area code) 713-830-6800 | | 9. API Well No. 43-047 38443 | |
| 4. Location of Well (Report location clearly and in accordance with any State requirements.) At surface 1,822' FSL & 639' FWL 639358X 40.270713 At proposed prod. zone Same as above 4452882-109.360996 | | 10. Field and Pool, or Exploratory Exploratory Undesignated | |
| 11. Sec., T. R. M. or Blk. and Survey or Area Sec. 29 T6S. R23E. S.L.B.&M. NWSW | | 12. County or Parish Uintah | |
| 13. State UT | | 14. Distance in miles and direction from nearest town or post office* 23.95 miles south of Vernal, UT | |
| 15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 639' | | 16. No. of acres in lease 1,360 | |
| 17. Spacing Unit dedicated to this well 40 | | 18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. NA | |
| 19. Proposed Depth 10,500' | | 20. BLM/BIA Bond No. on file 104155044 | |
| 21. Elevations (Show whether DF, KDB, RT, GL, etc.) 4,875' GR | | 22. Approximate date work will start* 01/01/2007 | |
| 23. Estimated duration 30 Days | | 24. Attachments | |

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, must be attached to this form:

1. Well plat certified by a registered surveyor.
2. A Drilling Plan.
3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO must be filed with the appropriate Forest Service Office).
4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
5. Operator certification
6. Such other site specific information and/or plans as may be required by the BLM.

| | | |
|--|--|---------------------------|
| 25. Signature  | Name (Printed Typed) William A Ryan | Date 07/31/2006 |
| Title Agent | | |
| Approved by (Signature)  | Name (Printed Typed) BRADLEY G. HILL | Date 08-14-06 |
| Title ENVIRONMENTAL MANAGER | | |

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.
Conditions of approval, if any, are attached.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

*(Instructions on page 2)

Federal Approval of this
Action is Necessary

RECEIVED

AUG 07 2006

DIV. OF OIL, GAS & MINING

| | | |
|-------------------------|--|-------------------------|
| SCALE 1" = 1000' | DATE SURVEYED: 11-23-05 | DATE DRAWN: 12-01-05 |
| PARTY B.H. J.T. P.M. | REFERENCES G.L.O. PLAT | |
| WEATHER COLD | FILE THE HOUSTON EXPLORATION COMPANY | |

Ten Point Plan

The Houston Exploration Company

North Walker Hollow 12-29-6-23

Surface Location NW $\frac{1}{4}$ SW $\frac{1}{4}$,

Section 29, T. 6S., R. 23E.

1. **Surface Formation**
Uintah

2. **Estimated Formation Tops and Datum:**

| <u>Formation</u> | | <u>Depth</u> | <u>Datum</u> |
|------------------|---------|--------------|--------------|
| Uintah | | Surface | 4,875' G.R. |
| Birds Nest | Water | 3,525' | 1,350' |
| Green River | Oil/Gas | 4,125' | 750' |
| Wasatch | Oil/Gas | 5,525' | -650' |
| Measaverda | Oil/Gas | 10,025' | -5,150' |
| TD | | 10,500' | -5,625' |

A 17 1/2" hole will be drilled to 3,900' +/- . The hole depth will depend on the depth that the Birds Nest Zone is encountered. The hole will be drilled 400' beyond the top of the Birds Nest. All fresh water and oil and gas bearing zones shall be protected by casing and cement program.

3. **Producing Formation Depth:**

Formation objective includes the Green River, Wasatch, Measaverda and their sub-members.

4. **Proposed Casing:**

| <u>Hole Size</u> | <u>Casing Size</u> | <u>Weight/FT</u> | <u>Grade</u> | <u>Coupling & Tread</u> | <u>Casing Depth</u> | <u>New/Used</u> |
|------------------|--------------------|------------------|--------------|-----------------------------|---------------------|-----------------|
| 30 | 26 | 68.75# | A430 | | 40' | NEW |
| 24 | 20 | 94# | H-40 | ST&C | 350' | NEW |
| 17 1/2 | 13 3/8 | 72# | N-80 | ST&C | 3,900' | NEW |
| 11 | 8 5/8 | 36# | K-55 | LT&C | 7,000' | NEW |
| 7 7/8 | 4 1/2 | 11.6# | N-80 | LT&C | 7,700' | NEW |
| 7 7/8 | 4 1/2 | 13.5# | P-110 | LT&C | 10,500' | NEW |

Cement Program:

Conductor casing #1 will be cemented as follows from 0'-40':

Note: Cement Volume = Gauge hole + 50%

| <u>Casing Size</u> | <u>Cement Type</u> | <u>Cement Amounts</u> | <u>Cement Yield</u> | <u>Water Mix</u> | <u>Cement Weight</u> |
|--------------------|---|-----------------------|-------------------------|------------------|----------------------|
| Lead: | | | | | |
| 26 | Portland CMT Class IA 4 Integral Air-entraining Agent | 118 sks +/- | 1.15ft ³ /sk | 5 | 15.8 ppg |

Conductor casing #2 will be cemented as follows from 0'- 350':**Cement volume = Gauge hole + 50%**

| | <u>Casing Size</u> | <u>Cement Type</u> | <u>Cement Amounts</u> | <u>Cement Yield</u> | <u>Water Mix</u> | <u>Cement Weight</u> |
|-------|------------------------|---|---------------------------|-------------------------|----------------------|--------------------------|
| Lead: | 20 | Portland CMT Class "G" 2% Calcium Chloride ¼#/sk Flocele | 247 sks +/- | 1.5ft³/sk | 5 | 15.8 ppg |

The Surface Casing will be cemented as follows from 0'- 3,900':**Cement volume = Gauge hole + 25%**

| | <u>Casing Size</u> | <u>Cement Type</u> | <u>Cement Amounts</u> | <u>Cement Yield</u> | <u>Water Mix</u> | <u>Cement Weight</u> |
|----------|------------------------|--|---------------------------|-------------------------|----------------------|--------------------------|
| Lead: | 13 3/8" | Premium "5" 16% Gel 10#/sk Gilsonite 3% Salt 3#/sk GB3 0.25#/sk flocele | 742 sks. +/- | 3.82ft³/sk | 23 | 11.0 ppg |
| Tail: | 13 3/8" | Class "G" 2% Calcium Chloride 0.25#/sk Flocele | 589 sks. +/- | 1.18ft³/sk | 5 | 15.6 ppg |
| Top Job: | | Class "G" 4% Calcium Chloride 0.25#/sk Flocele | 10-200 sks. +/- | 1.15ft³/sk | 5 | 15.8 ppg |

Intermediate casing will be cemented as follows from 3,700'- 7,000':**Cement volume = Gauge hole + 25%**

| | <u>Casing Size</u> | <u>Cement Type</u> | <u>Cement Amounts</u> | <u>Cement Yield</u> | <u>Water Mix</u> | <u>Cement Weight</u> |
|-------|------------------------|---|---------------------------|-------------------------|----------------------|--------------------------|
| Lead: | 8 5/8" | 50/50 POZ'G 5% Salt (BWOW) 0.6% HALAD 322 0.25#/sk Flowcele 0.2% Super CBL 2% Micro Bond | 1,361 sks +/- | 1.25ft³/sk | 5.26 | 14.35 ppg |

Production casing will be cemented as follows from 6,800'- 10,500:

Note: Lead should be 200' above the Wasatch.

Cement volume = Gauge hole + 25%

| | <u>Casing Size</u> | <u>Cement Type</u> | <u>Cement Amounts</u> | <u>Cement Yield</u> | <u>Water Mix</u> | <u>Cement Weight</u> |
|-------|------------------------|---|---------------------------|-------------------------|----------------------|--------------------------|
| Lead: | 4 ½ | PREM.AG300 50/50 POZ "G" CMT 2% Gel 0.4% Halad 344 0.25% HR-12 0.2% CFR-3 5#/sk Sillicalite 20% SSA-1 0.25#/sk Flowcele 0.2% Super CBL | 608 sks +/- | 1.73ft³/sk | 8.17 | 13.5 ppg |

5. BOP and Pressure Containment Data:

A 5000-psi WP BOP system as described in the BOP and Pressure Containment Data (attached) will be installed and maintained from the 13 3/8" surface casing. An upper kelly cock to the required pressure rating with a handle available shall be employed.

The BOP system including the casing will be pressure tested to minimum standards set forth in "On Shore Order #2". The BOP will be mechanically checked daily during the drilling operation.

6. Mud Program:

| <u>Interval</u> | <u>Mud weight lbs./gal.</u> | <u>Viscosity Sec./OT.</u> | <u>Fluid Loss Ml/30 Mins.</u> | <u>Mud Type</u> |
|------------------------|---------------------------------|-------------------------------|-----------------------------------|-----------------|
| 0-3,900 | Air/Clear Water | ----- | No Control | Water/Gel |
| 3,900-T.D. | 8.4-12.0 | 30-45 | 8-10 | LSND |
| water based mud system | | | | |

Note: Mud weights may exceed 12.0 due to solids increasing at or near T.D. Increased weights are not required to control formation pressure. Operator will have on location sufficient mud and weight material to increase mud weight to 12.0 at any time while drilling the subject well. Visual mud monitoring incorporating pit level indicators shall be used.

7. Testing, Coring, Sampling and Logging:

- a) DST: None are anticipated.
- b) Coring: There is the possibility of sidewall coring.
- c) Mud Sampling: Every 10' from 3,900' to T.D.
- d) Logging:

| Type | Interval |
|----------------------|-------------------|
| DLL/SFL W/GR and SP | T.D. to Surf. Csg |
| FDC/CNL W/GR and CAL | T.D. to Surf. Csg |

8. Abnormalities (including sour gas)

Anticipated bottom hole pressure will be less than 5000 psi. No abnormal pressures, temperatures or other hazards are anticipated. Other wells drilled in the area have not encountered over pressured zones or H₂S.

9. Other facets of the proposed operation:

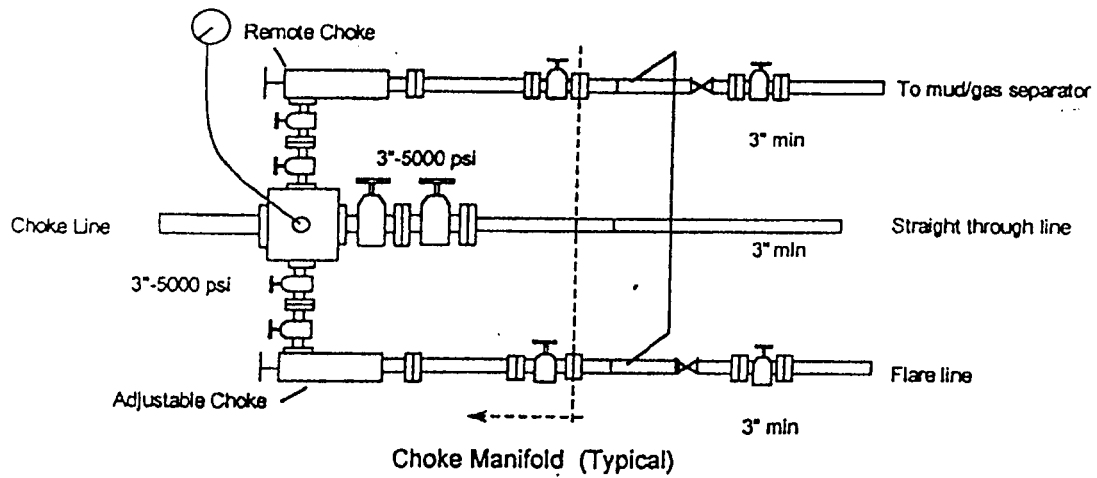
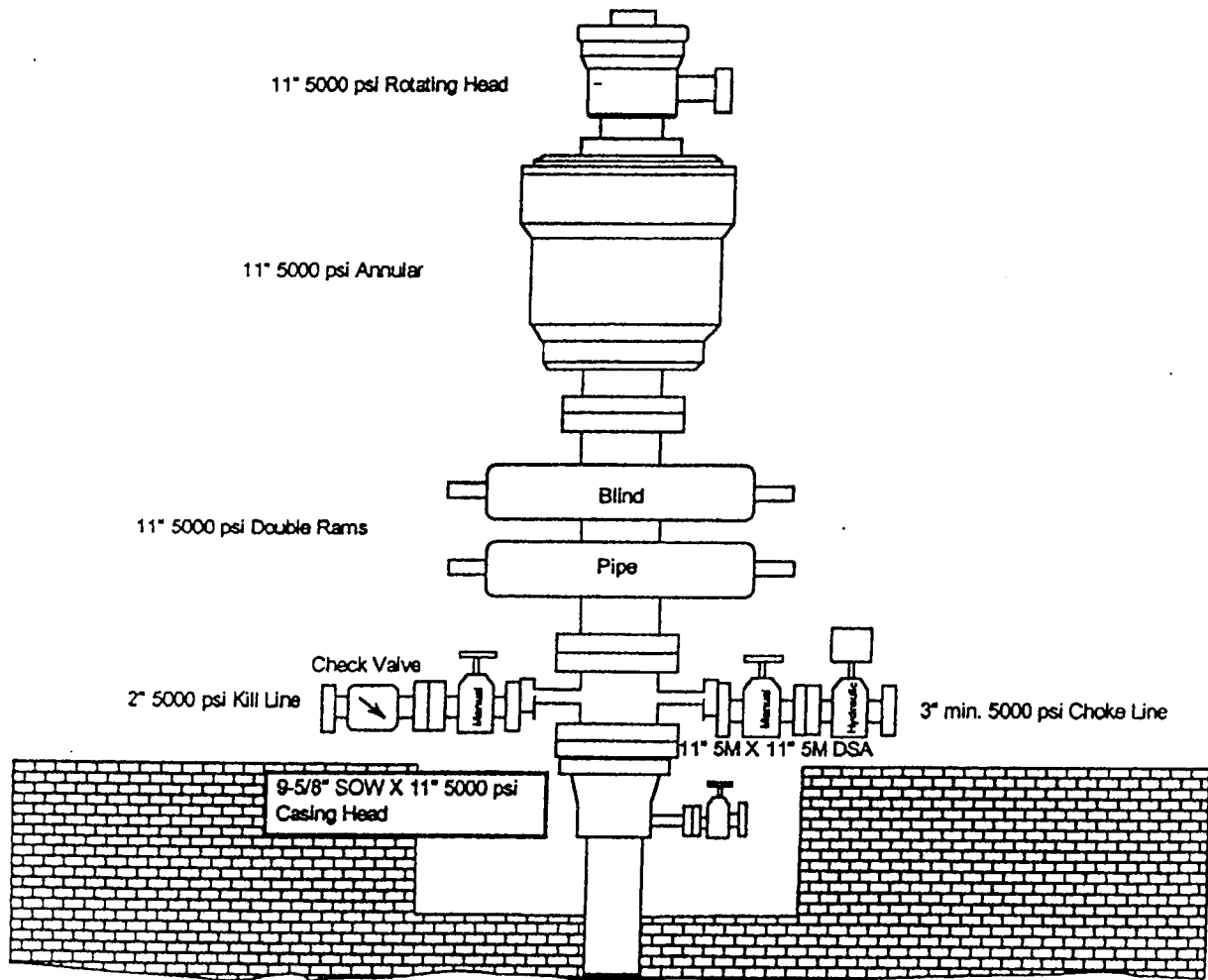
Off set well information

None

10. Drilling Schedule:

The anticipated starting date is 1/01/2007. Duration of operations is expected to be 30 days.

BOPE Diagram 5000 psi WP



THE HOUSTON EXPLORATION COMPANY

13 POINT SURFACE USE PLAN

FOR WELL

NORTH WALKER HOLLOW 12-29-6-23

LOCATED IN NW $\frac{1}{4}$ SW $\frac{1}{4}$

SECTION 29, T.6S, R23E, S.L.B.&M.

UINTAH COUNTY, UTAH

LEASE NUMBER: UTU-76280

SURFACE OWNERSHIP: FEDERAL

1. Existing Roads:

The Houston Exploration Company

North Walker Hollow 12-29-6-23

Section 29, T. 6S, R. 23E

Proceed in an easterly direction from Vernal, Utah along US Highway 40 approximately 13.7 miles to the junction of this road and an existing road to the south; turn right and proceed in a southerly, then southwesterly, then southeasterly direction approximately 8.4 miles to the junction of this road and an existing road to the southeast; turn left and proceed in a southeasterly direction approximately 1.8 miles to the beginning of the proposed access to the northeast; follow road flags in a northeasterly direction approximately 240' to the proposed location.

Total distance from Vernal, Utah to the proposed well location is approximately 23.95 miles.

All existing roads to the proposed location are State of Utah, BLM maintained or County Class D roads. Please see the attached map for additional details.

2. Planned access road

The proposed access road will be approximately 240' of new construction on lease. The road will be graded once per year minimum and maintained.

A) Approximate length 240 ft

| | |
|---|--------------------|
| B) Right of Way width | 30 ft |
| C) Running surface | 18 ft |
| D) Surface material | Native soil |
| E) Maximum grade | 8% |
| F) Fence crossing | None |
| G) Culvert | None |
| H) Turnouts | None |
| I) Major cuts and fills | None |
| J) Road Flagged | Yes |
| K) Access road surface ownership | Federal |
| L) All new construction on lease | Yes |
| M) Pipe line crossing | No |

Please see the attached location plat for additional details.

An off lease right-of-way will not be required.

All surface disturbances for the road and location will be within the lease boundary.

3. Location of existing wells

The following wells are located within a one-mile radius of the location site.

| | |
|--|-------------|
| A) Producing well | None |
| B) Water well | None |
| C) Abandoned well | None |
| D) Temp. abandoned well | None |
| E) Disposal well | None |
| F) Drilling /Permitted well | None |
| G) Shut in wells | None |
| H) Injection well | None |
| I) Monitoring or observation well | None |

Please see the attached map for additional details.

4. Location of tank batteries, production facilities and production gathering service lines.

All production facilities are to be contained within the proposed location site. Please see the attached plat plan for a typical gas well separator installation and well site piping.

All permanent (on site for more than six months or longer) structures constructed or installed will be painted a **Carlsbad Canyon** color. Facilities required to comply with O.S.H.A. (Occupational Safety and Health Act) will be excluded. The required paint color is **Carlsbad Canyon**.

All tanks will be surrounded by a dike of sufficient capacity to contain the storage capacity of the largest tank in the battery. The integrity of the dike will be maintained.

The operator will adhere to all site security guidelines and regulation identified in 43 CFR 3126.7.

All off lease storage, off lease measurement, commingling on lease or off lease, of production, will have prior written approval from the authorized officer.

If the well is capable of economic production a surface gas line will be required.

Approximately 4,570' of 3" steel buried gas gathering line would be constructed on Federal & State lands. The pipeline will tie into the North Walker Hollow 2-32-6-23

well location in Section 32, T6S, R23E. The pipeline will be buried to the southeast of the location and parallel to the access road. A temporary construction width of 60' will be required for one week and a permanent width of 15' will be required.

An off lease right-of-way will be required. An easement will be filed with the State of Utah Trust Lands administration.

Please see the attached location diagrams for pipeline location.

The gas meter run will be located within 500' of the wellhead. The gas line will be buried or anchored down from the wellhead to the meter. Meter runs will be housed and/or fenced.

The gas meter will be calibrated and the tank strapped in place prior to any deliveries. Tests for meter accuracy will be conducted monthly for the first three months on new meter installations and at least quarterly thereafter. The authorized officer will be provided with a date and time for the initial meter calibration and all future meter-proving schedules. A copy of the meter calibration report will be submitted to the BLM's Vernal District office and State of Utah, Division of Oil, Gas, and Mining. All measurement facilities will conform to API (American Petroleum Institute) and AGA (American Gas Association) standards for gas and liquid hydrocarbon measurement.

5. Location and type of water supply

Water for drilling and cementing will come from a Vernal City Tap at 355 S 1000 E (Dalbo/A-1 Tank.)

6. Source of construction materials

All construction material for this location site and access road shall be borrow material accumulated during construction of the location site and access road. Additional road gravel or pit lining material will be obtained from private resources.

7. Methods for handling waste disposal

A) Pit construction and liners:

The reserve pit will be approximately **12 ft.** deep and most of the depth shall be below the surface of the existing ground. Please see the attached plat for details.

The reserve pit will be lined.

The reserve pit will be used to store water for drilling. A semi-closed system will be used to drill the well. All fresh water for drilling will come from a frac tank placed on location and from the rig tank. The pit will be used to hold non-flammable materials such as cuttings, salt, drilling fluids, chemicals, produced fluids, etc.

B) Produced fluids:

Produced water will be confined to the reserve pit, or if deemed necessary, a storage tank for a period not to exceed 90 days after initial production. During the 90-day period an application for approval for permanent disposal method and location will be submitted to the authorized officer. **Evaporation may be used instead of trucking to facilitate closing and reclamation of the reserve pit. A pumping system would be used for evaporation.**

C) Garbage:

A trash cage fabricated from expanded metal will be used to hold trash on location and will be removed to an authorized landfill location.

D) Sewage:

A portable chemical toilet will be supplied for human waste.

E) Site clean-up:

After the rig is moved off the location the well site area will be cleaned and all refuse removed.

8. Ancillary facilities

There are no ancillary facilities planned at this time and none are foreseen for the future.

9. Well-site layout

Location dimensions are as follows:

| | |
|-------------------------|---------------|
| A) Pad length | 345 ft. |
| B) Pad width | 260 ft. |
| C) Pit depth | 12 ft. |
| D) Pit length | 150 ft. |
| E) Pit width | 75 ft. |
| F) Max cut | 22.6 ft. |
| G) Max fill | 3.8 ft. |
| H) Total cut yds. | 13,970 cu yds |
| I) Pit location | North end |
| J) Top soil location | South end |
| K) Access road location | West end |
| L) Flare Pit | Corner C |

Please see the attached location diagram for additional details.

All pits will be fenced according to the following minimum standards:

- A) Thirty nine inch net wire shall be used with at least one strand of wire on top of the net wire. Barbed wire is not necessary if pipe or some type of reinforcement rod is attached to the top of the entire fence.
- B) The net wire shall be no more than 2 inches above the ground. The barbed wire shall be 3 inches above the net wire. Total height of the fence shall be at least 42 inches.
- C) Corner posts shall be cemented and/or braced in such a manner to keep the fence tight at all times.

- D) Standard steel, wood or pipe posts shall be used between the corner braces. Maximum distance between any two posts shall be no greater than 16 ft.

- E) All wire shall be stretched by using a stretching device before it is attached to the corner posts.

10. Plans for restoration of the surface

Prior to construction of the location, the top 6 inches of soil material will be stripped off the location and the pit area. The topsoil removed and piled will amount to approximately **1,850** cubic yards of material.

Topsoil will be stockpiled in one distinct pile. Placement of the topsoil is noted on the attached location plat. The topsoil pile from the location will be seeded as soon as the soil is stock piled with the seed mix listed. When all drilling and completion activities have been completed and the pit back-filled the topsoil from the pit area will be spread on the pit area. The pit area will be seeded when the soil has been spread. **The unused portion of the location (the area outside the dead men) will be re-contoured.**

The dirt contractor will be provided with an approved copy of the surface use plan prior to construction activities.

Changes to the drainage during the construction activities shall be restored to its original line of flow or as near as possible when the pit is back-filled

All disturbed areas will be re-contoured to the approximate natural contours. Prior to back filling the pit the fences around the reserve pit will be removed.

The reserve pit will be reclaimed within 90 days of well completion. If the reserve pit has not dried sufficiently to allow back filling, an extension on the time requirement for back filling the pit will be requested. Once reclamation activities have begun, they shall be completed within 30 days.

After the reserve pit has been reclaimed, no depressions in the soil covering the reserve pit will be allowed. The objective is to keep seasonal rainfall and run off from seeping into the soil used to cover the reserve pit. Diversion ditches and water bars will be used to divert the run off as needed.

When restoration activities have been completed, the location site and new access road cuts and shoulders shall be reseeded. Prior to reseeding, all disturbed areas will be scarified and left with a rough surface.

A) Seeding dates:

Seed will be spread when topsoil is stock piled and when reclamation work is performed.

The seed mix and quantity list will be used whether the seed is broadcast or drilled.

B) Interim Seed Mix

4#/acre Indian Rice Grass

4#/acre Crested Wheat Grass

4#/acre Needle & Thread Grass

11. Surface ownership:

| | |
|-------------|-----------------|
| Access road | Federal |
| Location | Federal |
| Pipeline | Federal & State |

12. Other information:

A) Vegetation

The vegetation coverage is slight. The majority of the existing vegetation consists of non-native species. Rabbit brush, bitter brush, and Indian Rice grass and Sagebrush are also found on the location.

B) Dwellings:

There are no dwellings or other facilities within a one-mile radius of the location.

C) Archeology:

The location has been surveyed. A copy of that survey will be forwarded to your office.

If, during operations, any archaeological or historical sites, or any objects of antiquity (subject to the antiquities act of June 8, 1906) are discovered, all operations, which would affect such sites, will be suspended and the discovery reported

promptly to the surface management agency.

resumes after well has been off production for more than 90 days.

D) Water:

**The nearest water is
The Green River, 4 miles
to the Northwest.**

E) Chemicals:

No pesticides, herbicides or other possible hazardous chemicals will be used without prior application.

F) Notification:

- a) Location Construction
At least forty eight (48) hours prior to construction of location and access roads.
- b) Location completion
prior to moving on the drilling rig.
- c) Spud notice
At least twenty-four (24) hours prior to spudding the well.
- d) Casing string and cementing
At least twenty-four (24) hours prior to running casing and cementing all casing strings.
- e) BOP and related equipment tests
At least twenty-four (24) hours prior to initial pressure tests.
- f) First production notice
Within five (5) business days after the new well begins, or production

G) Flare pit:

The flare pit will be located in **corner C** of the reserve pit out side the pit fences and 100 feet from the bore hole on the east side of the location. All fluids will be removed from the pit within 48 hours of occurrence.

13. Lessees or Operator's representative and certification

A) Representative

William A. Ryan
Rocky Mountain Consulting
290 S 800 E
Vernal, UT 84078

Office 435-789-0968
Fax 435-789-0970
Cellular 435-828-0968

All lease and/or unit operations will be conducted in such a manner that full compliance is made with all applicable laws, regulations, onshore oil and gas orders, and any applicable notices to lessees. The operator is fully responsible for the actions of his subcontractors. A copy of these conditions will be furnished to the field representative to ensure compliance.

This drilling permit will be valid for a period of one year from the date of approval.

After permit termination, a new application will be filed for approval for any future operations.

B) Certification:

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill-site and access route that I am familiar with the conditions which presently exist, that the statements made in this plan are, to the best of my knowledge and belief, true and correct, and that the work associated with the operation proposed herein will be preformed by The Houston Exploration Company and its contractors and subcontractors in conformity with this plan and terms and conditions with this plan and the terms and conditions under which it is approved.

Onsite Dates: 4/19/06

Self Certification Statement

The following self-certification statement is provided per Federal requirements dated June 15, 1988.

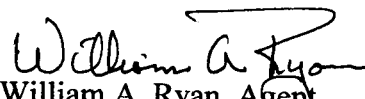
Please be advised that The Houston Exploration Company is considered to be the operator of the following well:

**North Walker Hollow 12-29-6-23
Section 29, T. 6S, R. 23E
NW ¼ of the SW ¼
Lease UTU-76280
Uintah County, Utah**

The Houston Exploration Company is responsible under the terms and conditions of the lease for the operations conducted upon the lease lands.

Bond UTU-104155044 provides state-wide bond coverage on all Federal Lands.

Date 7/31/06


William A. Ryan, Agent
Rocky Mountain Consulting

Statement of use of Hazardous Materials

No chemical(s) from the EPA's consolidated list of Chemicals subject to Reporting under Title III of the Superfund Amendments and Reauthorization, Act (SARA) of 1986 will be used, produced, transported, stored, disposed, or associated with the proposed action. No extremely hazardous substances, as defined in 40 cfr 355, will be used, produced, stored, transported, disposed, or associated with the proposed action.

If you require additional information please contact:

William A Ryan
Agent for The Houston Exploration Company
Rocky Mountain Consulting
290 S 800 E
Vernal, UT 84078

435-789-0968 Office
435-828-0968 Cell
435-789-0970 Fax

THE HOUSTON EXPLORATION COMPANY
NORTH WALKER HOLLOW #12-29-6-23
LOCATED IN UINTAH COUNTY, UTAH
SECTION 29, T6S, R23E, S.L.B.&M.

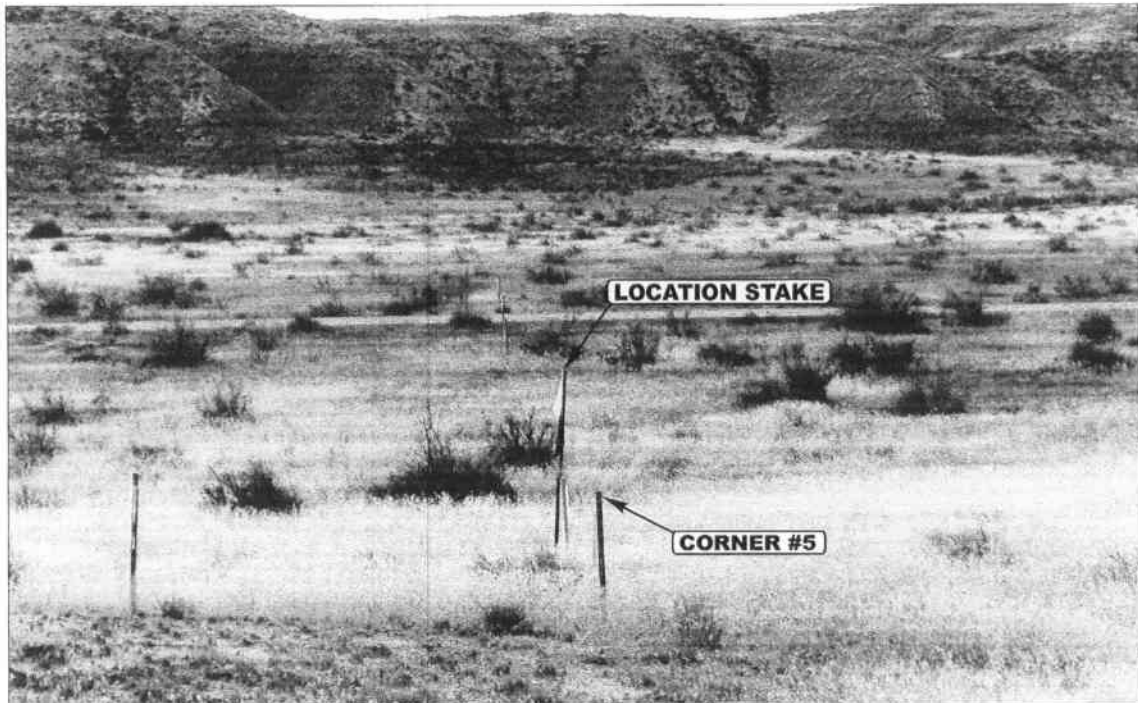


PHOTO: VIEW FROM CORNER #5 TO LOCATION STAKE

CAMERA ANGLE: SOUTHWESTERLY

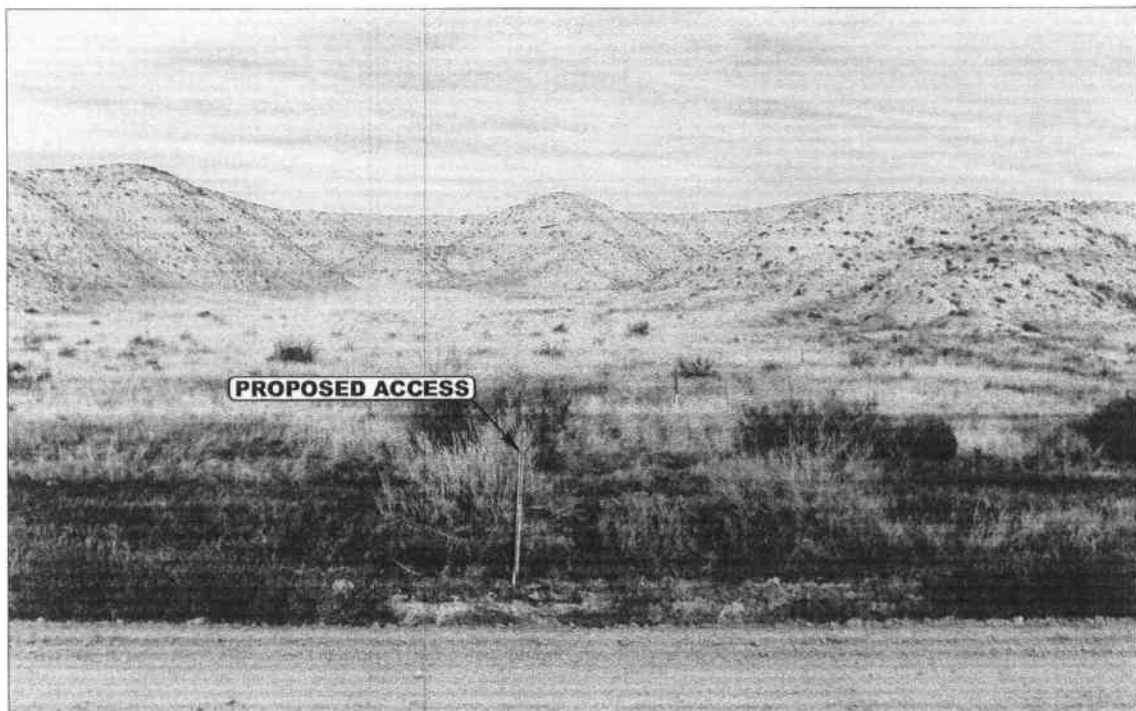


PHOTO: VIEW FROM BEGINNING OF PROPOSED ACCESS

CAMERA ANGLE: NORTHEASTERLY



- Since 1964 -

UELS Uintah Engineering & Land Surveying
85 South 200 East Vernal, Utah 84078
435-789-1017 uels@uelsinc.com

LOCATION PHOTOS

11 30 05
MONTH DAY YEAR

PHOTO

TAKEN BY: B.H.

DRAWN BY: C.H.

REVISED: 00-00-00

THE HOUSTON EXPLORATION COMPANY

FIGURE #1

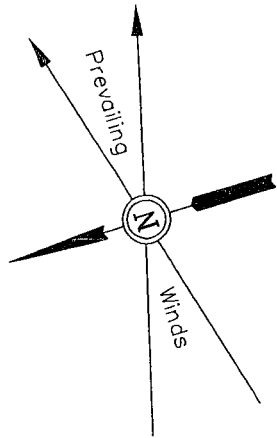
LOCATION LAYOUT FOR

NORTH WALKER HOLLOW #12-29-6-23

SECTION 29, T6S, R23E, S.L.B.&M.

1822' FSL 639' FWL

Approx.
Top of
Cut Slope



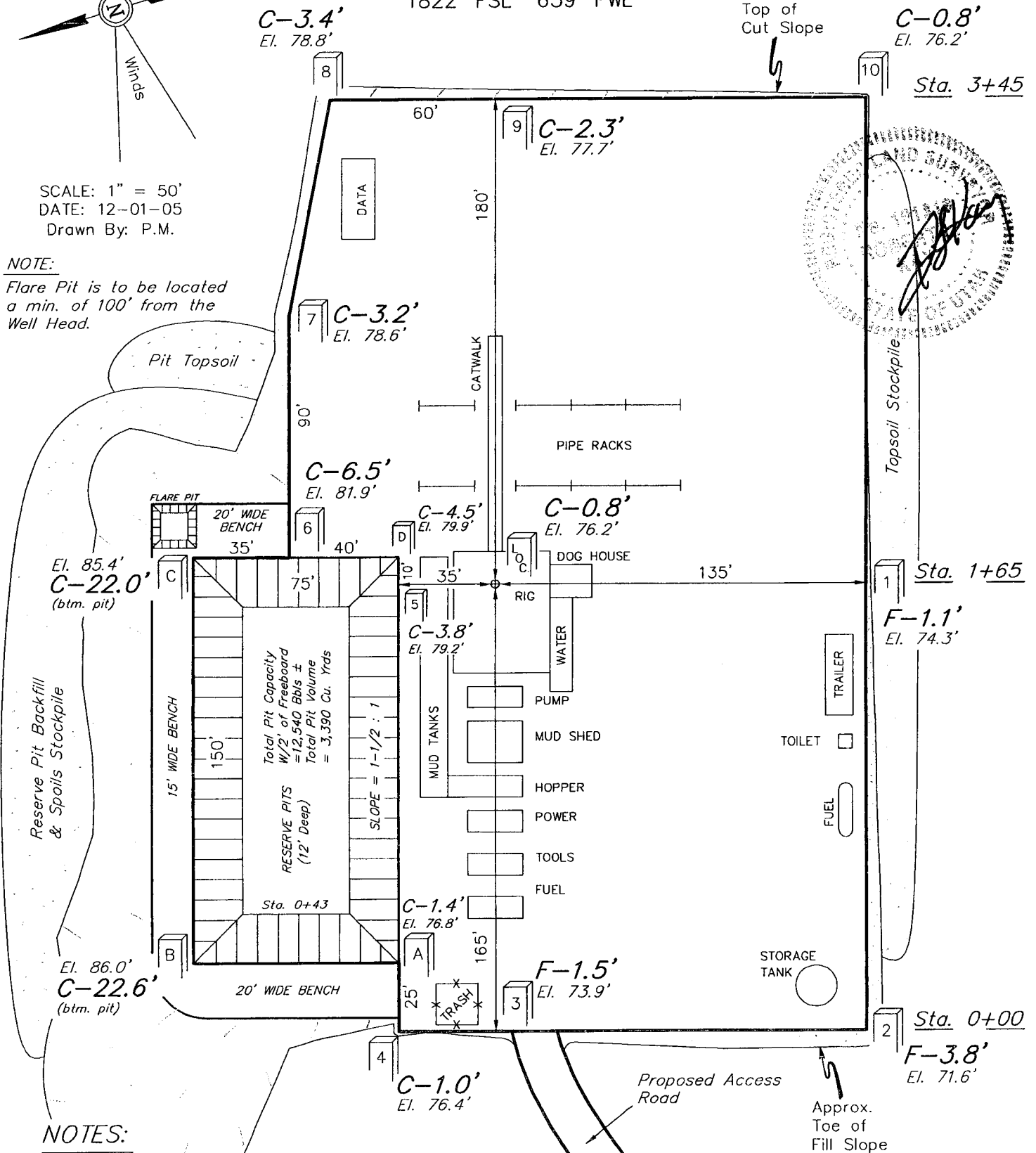
SCALE: 1" = 50'

DATE: 12-01-05

Drawn By: P.M.

NOTE:

Flare Pit is to be located a min. of 100' from the Well Head.



THE HOUSTON EXPLORATION COMPANY

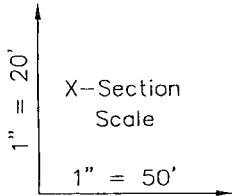
FIGURE #2

TYPICAL CROSS SECTIONS FOR

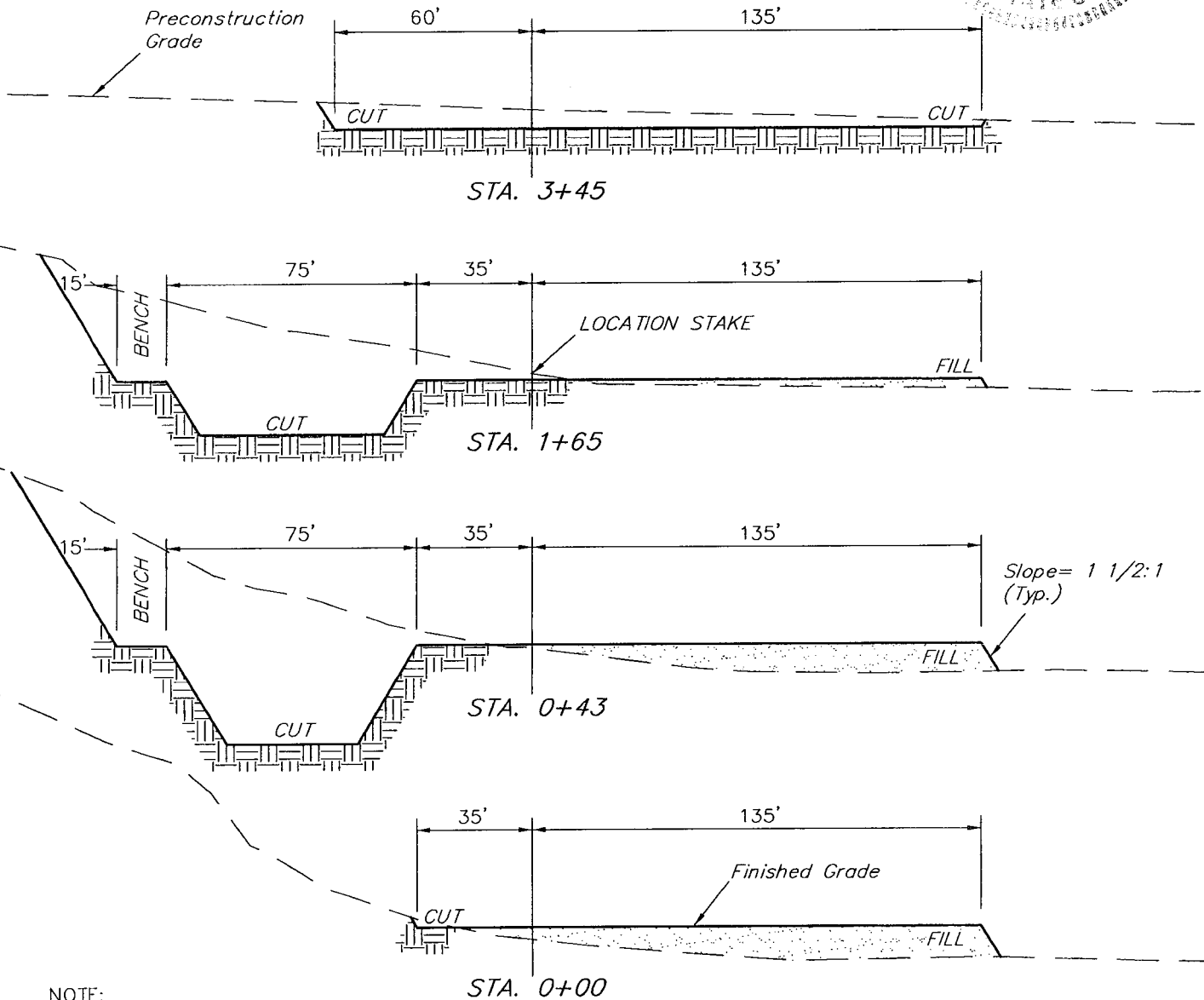
NORTH WALKER HOLLOW #12-29-6-23

SECTION 29, T6S, R23E, S.L.B.&M.

1822' FSL 639' FWL



DATE: 12-01-05
Drawn By: P.M.



NOTE:

Topsoil should not be Stripped Below Finished Grade on Substructure Area.

* NOTE:

FILL QUANTITY INCLUDES 5% FOR COMPACTION

APPROXIMATE YARDAGES

CUT

(6") Topsoil Stripping = 1,850 Cu. Yds.
Remaining Location = 12,120 Cu. Yds.

TOTAL CUT = 13,970 CU.YDS.

FILL = 2,660 CU.YDS.

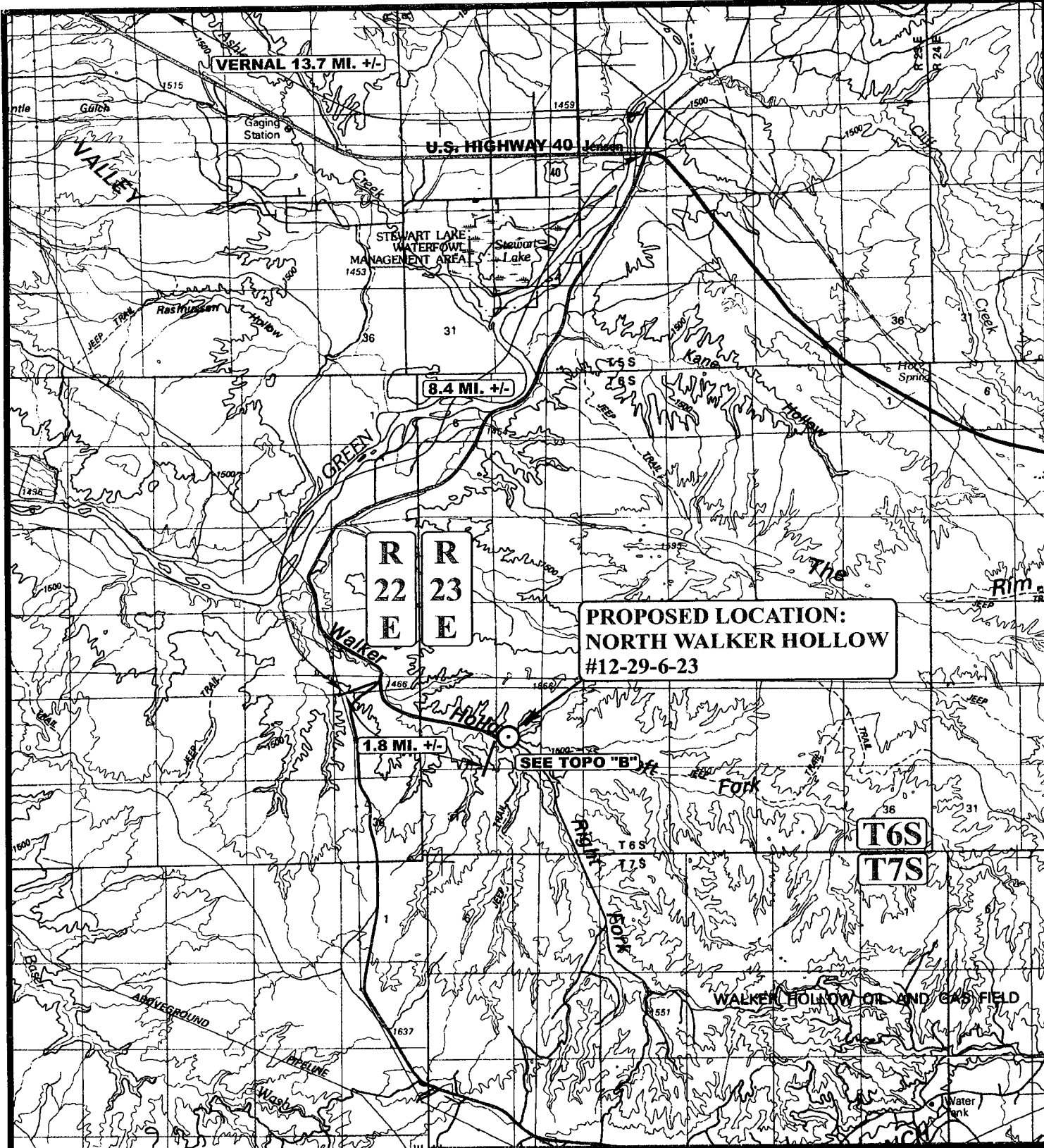
EXCESS MATERIAL = 11,310 Cu. Yds.

Topsoil & Pit Backfill = 3,550 Cu. Yds.
(1/2 Pit Vol.)

EXCESS UNBALANCE = 7,760 Cu. Yds.
(After Rehabilitation)

UINTAH ENGINEERING & LAND SURVEYING

85 So. 200 East * Vernal, Utah 84078 * (435) 789-1017



LEGEND:

○ PROPOSED LOCATION

THE HOUSTON EXPLORATION COMPANY

NORTH WALKER HOLLOW #12-29-6-23

SECTION 29, T6S, R23E, S.L.B.&M.

1822' FSL 639' FWL



Uintah Engineering & Land Surveying
 85 South 200 East Vernal, Utah 84078
 (435) 789-1017 * FAX (435) 789-1813

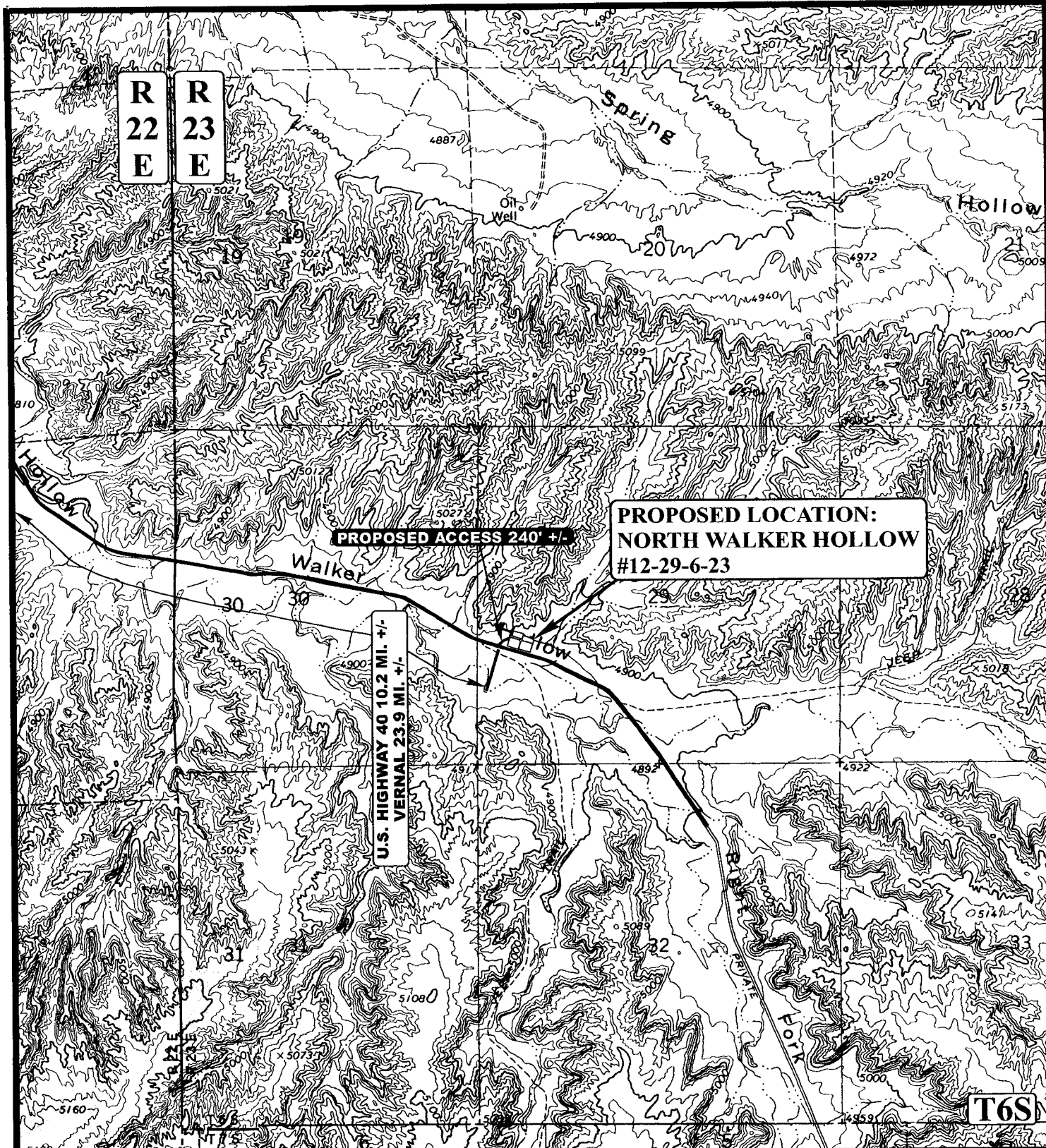


**TOPOGRAPHIC
 MAP**

11 30 05
 MONTH DAY YEAR

SCALE: 1:100,000 | DRAWN BY: C.H. | REVISED: 00-00-00





LEGEND:

————— EXISTING ROAD
 - - - - - PROPOSED ACCESS ROAD



Uintah Engineering & Land Surveying
 85 South 200 East Vernal, Utah 84078
 (435) 789-1017 * FAX (435) 789-1813

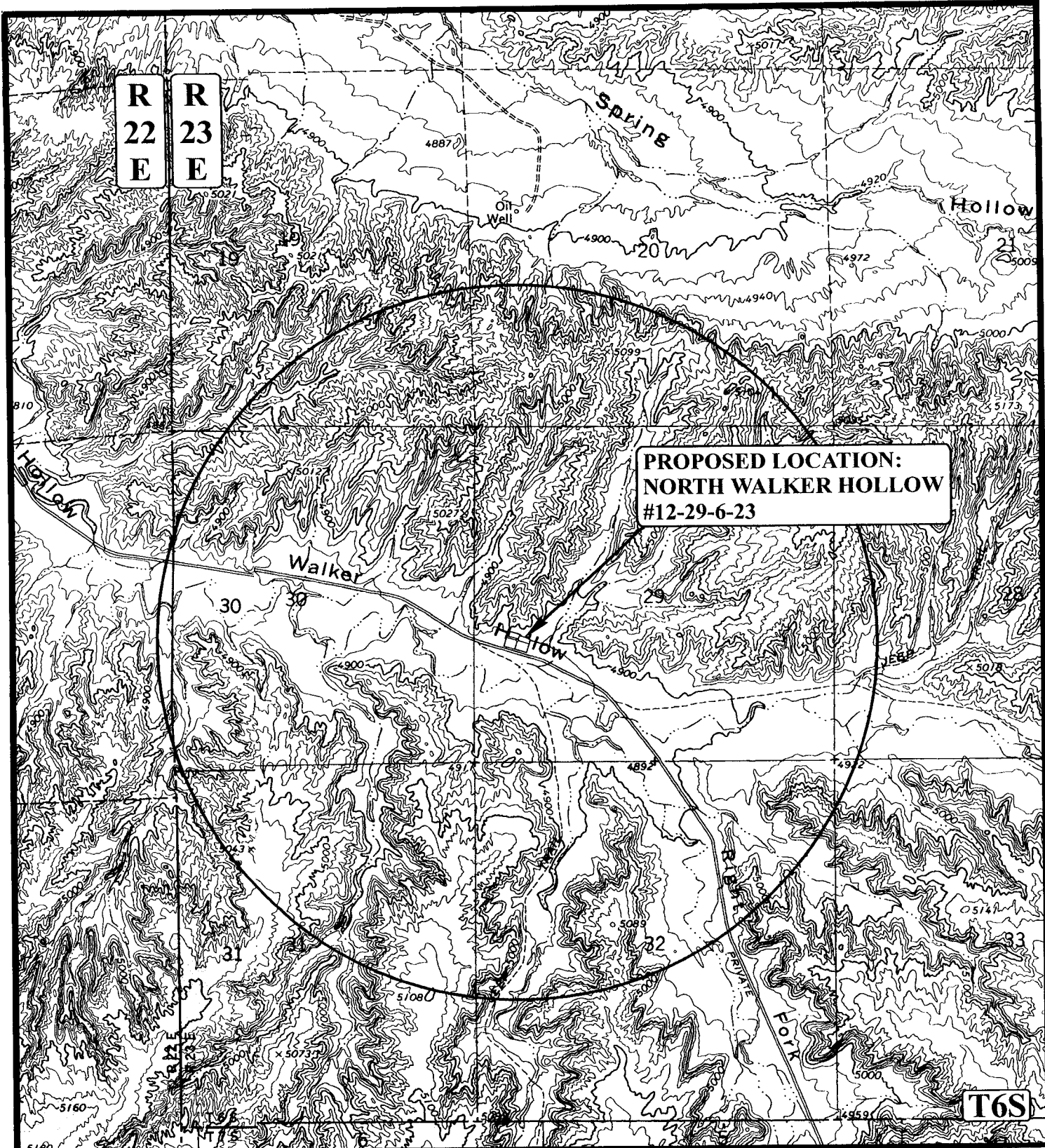


THE HOUSTON EXPLORATION COMPANY

NORTH WALKER HOLLOW #12-29-6-23
 SECTION 29, T6S, R23E, S.L.B.&M.
 1822' FSL 639' FWL

TOPOGRAPHIC MAP
 11 30 05
 MONTH DAY YEAR
 SCALE: 1" = 2000' DRAWN BY: C.H. REVISED: 00-00-00

B
 TOPO



LEGEND:

- ⊗ DISPOSAL WELLS
- PRODUCING WELLS
- SHUT IN WELLS
- ⊗ WATER WELLS
- ABANDONED WELLS
- TEMPORARILY ABANDONED



Uintah Engineering & Land Surveying
 85 South 200 East Vernal, Utah 84078
 (435) 789-1017 * FAX (435) 789-1813



THE HOUSTON EXPLORATION COMPANY

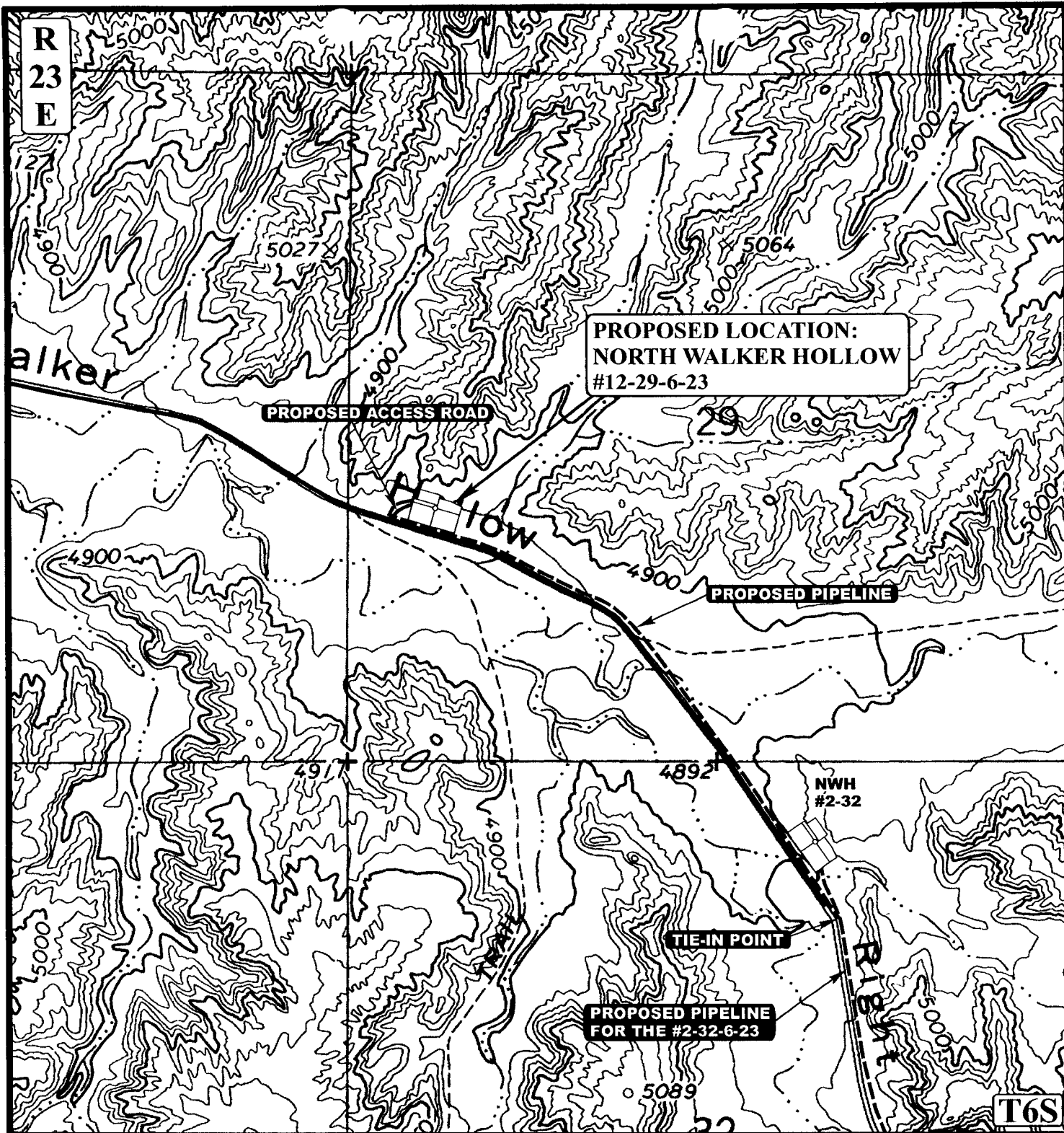
NORTH WALKER HOLLOW #12-29-6-23
SECTION 29, T6S, R23E, S.L.B.&M.
1822' FSL 639' FWL

TOPOGRAPHIC
MAP

11 30 05
 MONTH DAY YEAR

SCALE: 1" = 2000' DRAWN BY: C.H. REVISED: 00-00-00





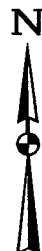
APPROXIMATE TOTAL PIPELINE DISTANCE = 4,570' +/-

LEGEND:

- PROPOSED ACCESS ROAD
- EXISTING PIPELINE
- PROPOSED PIPELINE
- PROPOSED PIPELINE (SERVICING OTHER WELLS)



Uintah Engineering & Land Surveying
85 South 200 East Vernal, Utah 84078
(435) 789-1017 * FAX (435) 789-1813



THE HOUSTON EXPLORATION COMPANY

NORTH WALKER HOLLOW #12-29-6-23
SECTION 29, T6S, R23E, S.L.B.&M.
1822' FSL 639' FWL

**TOPOGRAPHIC
MAP**

11 30 05
MONTH DAY YEAR

SCALE: 1" = 1000' DRAWN BY: C.H. REV: 03-24-06 L.K.

**D
TOPO**

WORKSHEET
APPLICATION FOR PERMIT TO DRILL

APD RECEIVED: 08/07/2006

API NO. ASSIGNED: 43-047-38443

WELL NAME: N WALKER HOLLOW 12-29-6-23

OPERATOR: HOUSTON EXPLORATION CO, (N2525)

CONTACT: BILL RYAN

PHONE NUMBER: 713-830-6800

PROPOSED LOCATION:

NWSW 29 060S 230E

SURFACE: 1822 FSL 0639 FWL

BOTTOM: 1822 FSL 0639 FWL

COUNTY: UINTAH

LATITUDE: 40.27071 LONGITUDE: -109.3610

UTM SURF EASTINGS: 639358 NORTHINGS: 4458882

FIELD NAME: UNDESIGNATED (2)

INSPECT LOCATN BY: / /

| Tech Review | Initials | Date |
|-------------|----------|------|
| Engineering | | |
| Geology | | |
| Surface | | |

LEASE TYPE: 1 - Federal

LEASE NUMBER: UTU-76280

SURFACE OWNER: 1 - Federal

PROPOSED FORMATION: MVRD

COALBED METHANE WELL? NO

RECEIVED AND/OR REVIEWED:

☒ Plat
☒ Bond: Fed[1] Ind[] Sta[] Fee[]
(No. 104155044)
☒ Potash (Y/N)
☒ Oil Shale 190-5 (B) or 190-3 or 190-13
☒ Water Permit
(No. MUNICIPAL)
☒ RDCC Review (Y/N)
(Date:)
☒ Fee Surf Agreement (Y/N)
☒ Intent to Commingle (Y/N)

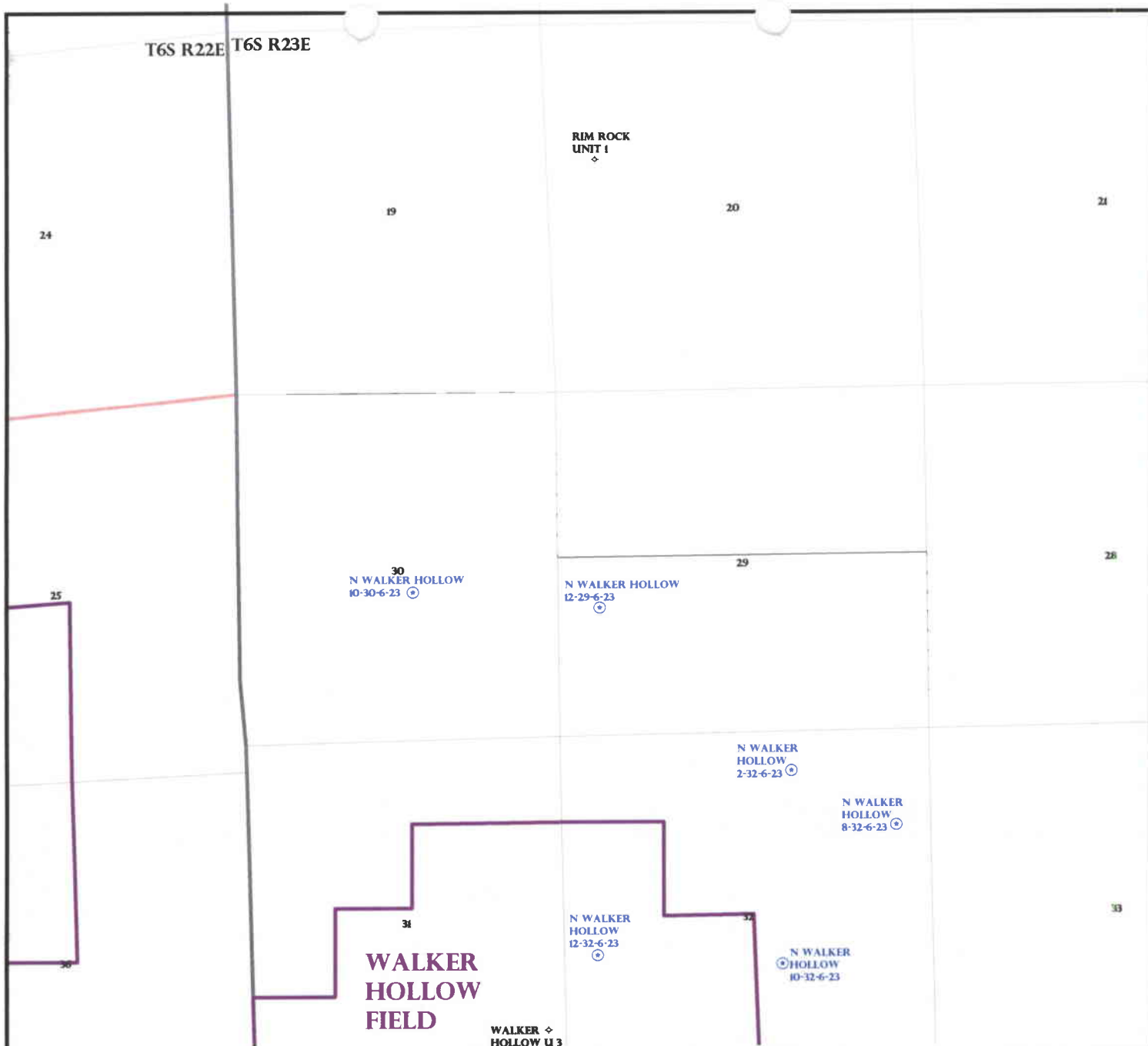
LOCATION AND SITING:

___ R649-2-3.
Unit: ___
☒ R649-3-2. General
Siting: 460 From Qtr/Qtr & 920' Between Wells
___ R649-3-3. Exception
___ Drilling Unit
Board Cause No: ___
Eff Date: ___
Siting: ___
___ R649-3-11. Directional Drill

COMMENTS: _____

STIPULATIONS: 1- Federal Approval

2- Spacing Stip



OPERATOR: THE HOUSTON EXPL CO (N2525)

SEC: 29,30 T.6S R. 23E

FIELD: UNDESIGNATED (002)

COUNTY: UINTAH

SPACING: R649-3-2 / GENERAL SITING

Field Status

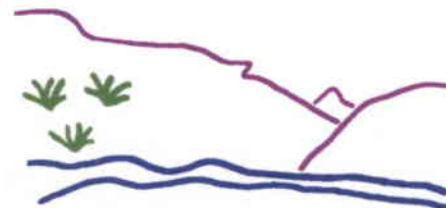
- ABANDONED
- ACTIVE
- COMBINED
- INACTIVE
- PROPOSED
- STORAGE
- TERMINATED

Unit Status

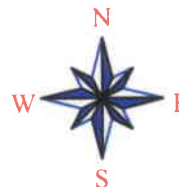
- EXPLORATORY
- GAS STORAGE
- NF PP OIL
- NF SECONDARY
- PENDING
- PI OIL
- PP GAS
- PP GEOTHERML
- PP OIL
- SECONDARY
- TERMINATED

Wells Status

- ✗ GAS INJECTION
- ✗ GAS STORAGE
- ✗ LOCATION ABANDONED
- ⊙ NEW LOCATION
- ✗ PLUGGED & ABANDONED
- PRODUCING GAS
- PRODUCING OIL
- ✗ SHUT-IN GAS
- ✗ SHUT-IN OIL
- ✗ TEMP. ABANDONED
- TEST WELL
- △ WATER INJECTION
- ⊙ WATER SUPPLY
- ⊙ WATER DISPOSAL
- ⊙ DRILLING



Utah Oil Gas and Mining



PREPARED BY: DIANA WHITNEY
DATE: 11-AUGUST-2006



State of Utah

Department of Natural Resources

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas & Mining

JOHN R. BAZA
Division Director

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

August 14, 2006

Houston Exploration Company
1100 Louisiana, Ste. 2000
Houston, TX 77002

Re: North Walker Hollow 12-29-6-23 Well, 1822' FSL, 639' FWL, NW SW,
Sec. 29, T. 6 South, R. 23 East, Uintah County, Utah

Gentlemen:

Pursuant to the provisions and requirements of Utah Code Ann. § 40-6-1 *et seq.*, Utah Administrative Code R649-3-1 *et seq.*, and the attached Conditions of Approval, approval to drill the referenced well is granted.

This approval shall expire one year from the above date unless substantial and continuous operation is underway, or a request for extension is made prior to the expiration date. The API identification number assigned to this well is 43-047-38443.

Sincerely,

A handwritten signature in black ink, appearing to read "Gil Hunt".

Gil Hunt
Associate Director

pab
Enclosures

cc: Uintah County Assessor
Bureau of Land Management, Vernal District Office

Operator: Houston Exploration Company
Well Name & Number North Walker Hollow 12-29-6-23
API Number: 43-047-38443
Lease: UTU-76280

Location: NW SW **Sec.** 29 **T.** 6 South **R.** 23 East

Conditions of Approval

1. General

Compliance with the requirements of Utah Admin. R. 649-1 *et seq.*, the Oil and Gas Conservation General Rules, and the applicable terms and provisions of the approved Application for permit to drill.

2. Notification Requirements

Notify the Division within 24 hours of spudding the well.

- Contact Carol Daniels at (801) 538-5284.

Notify the Division prior to commencing operations to plug and abandon the well.

- Contact Dan Jarvis at (801) 538-5338

3. Reporting Requirements

All required reports, forms and submittals will be promptly filed with the Division, including but not limited to the Entity Action Form (Form 6), Report of Water Encountered During Drilling (Form 7), Weekly Progress Reports for drilling and completion operations, and Sundry Notices and Reports on Wells requesting approval of change of plans or other operational actions.

4. State approval of this well does not supersede the required federal approval, which must be obtained prior to drilling.

5. This proposed well is located in an area for which drilling units (well spacing patterns) have not been established through an order of the Board of Oil, Gas and Mining (the "Board"). In order to avoid the possibility of waste or injury to correlative rights, the operator is requested, once the well has been drilled, completed, and has produced, to analyze geological and engineering data generated therefrom, as well as any similar data from surrounding areas if available. As soon as is practicable after completion of its analysis, and if the analysis suggests an area larger than the quarter-quarter section upon which the well is located is being drained, the operator is requested to seek an appropriate order from the Board establishing drilling and spacing units in conformance with such analysis by filing a Request for Agency Action with the Board.

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

CONFIDENTIAL

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

| | | |
|---|--|--|
| 1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____ | | 5. LEASE DESIGNATION AND SERIAL NUMBER: UTU-76280 |
| 2. NAME OF OPERATOR: The Houston Exploration Company | | 6. IF INDIAN, ALLOTTEE OR TRIBE NAME: NA |
| 3. ADDRESS OF OPERATOR: 1100 Louisiana, Suite 2000 CITY Houston STATE TX ZIP 77002 | | 7. UNIT or CA AGREEMENT NAME: NA |
| PHONE NUMBER: (713) 830-6800 | | 8. WELL NAME and NUMBER: North Walker Hollow 12-29-6-23 |
| 4. LOCATION OF WELL FOOTAGES AT SURFACE: 1822' FSL & 639' FWL | | 9. API NUMBER: 4304738443 |
| QTR/QR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NWSW 29 T6S 23E | | 10. FIELD AND POOL, OR WILDCAT: Exploratory |
| COUNTY: Uintah | | STATE: UTAH |

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

| TYPE OF SUBMISSION | TYPE OF ACTION | | |
|---|---|---|--|
| <input checked="" type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: _____ | <input type="checkbox"/> ACIDIZE | <input type="checkbox"/> DEEPEN | <input type="checkbox"/> REPERFORATE CURRENT FORMATION |
| | <input type="checkbox"/> ALTER CASING | <input type="checkbox"/> FRACTURE TREAT | <input type="checkbox"/> SIDETRACK TO REPAIR WELL |
| | <input type="checkbox"/> CASING REPAIR | <input type="checkbox"/> NEW CONSTRUCTION | <input type="checkbox"/> TEMPORARILY ABANDON |
| | <input type="checkbox"/> CHANGE TO PREVIOUS PLANS | <input type="checkbox"/> OPERATOR CHANGE | <input type="checkbox"/> TUBING REPAIR |
| | <input type="checkbox"/> CHANGE TUBING | <input type="checkbox"/> PLUG AND ABANDON | <input type="checkbox"/> VENT OR FLARE |
| <input type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: _____ | <input type="checkbox"/> CHANGE WELL NAME | <input type="checkbox"/> PLUG BACK | <input type="checkbox"/> WATER DISPOSAL |
| | <input type="checkbox"/> CHANGE WELL STATUS | <input type="checkbox"/> PRODUCTION (START/RESUME) | <input type="checkbox"/> WATER SHUT-OFF |
| | <input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS | <input type="checkbox"/> RECLAMATION OF WELL SITE | <input checked="" type="checkbox"/> OTHER: Extension |
| | <input type="checkbox"/> CONVERT WELL TYPE | <input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION | |

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

Operator respectfully requests to extend approval for the subject location for one year.

Approved by the
Utah Division of
Oil, Gas and Mining

Date: 07-26-07
By: [Signature]

| | |
|-------------------------------------|----------------|
| NAME (PLEASE PRINT) William A. Ryan | TITLE Agent |
| SIGNATURE [Signature] | DATE 7/19/2007 |

(This space for State use only)

**Application for Permit to Drill
Request for Permit Extension
Validation**

(this form should accompany the Sundry Notice requesting permit extension)

API: 4304738443
Well Name: North Walker Hollow 12-29-6-23
Location: Section 29, Township 6 South, Range 23 East NWSW
Company Permit Issued to: The Houston Exploration Company
Date Original Permit Issued: 8/14/2006

The undersigned as owner with legal rights to drill on the property as permitted above, hereby verifies that the information as submitted in the previously approved application to drill, remains valid and does not require revision.

Following is a checklist of some items related to the application, which should be verified.

If located on private land, has the ownership changed, if so, has the surface agreement been updated? Yes ☐ No ☒

Have any wells been drilled in the vicinity of the proposed well which would affect the spacing or siting requirements for this location? Yes ☐ No ☒

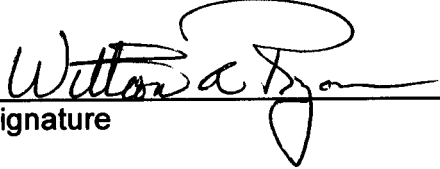
Has there been any unit or other agreements put in place that could affect the permitting or operation of this proposed well? Yes ☐ No ☒

Have there been any changes to the access route including ownership, or right-of-way, which could affect the proposed location? Yes ☐ No ☒

Has the approved source of water for drilling changed? Yes ☐ No ☒

Have there been any physical changes to the surface location or access route which will require a change in plans from what was discussed at the onsite evaluation? Yes ☐ No ☒

Is bonding still in place, which covers this proposed well? Yes ☒ No ☐



Signature

7/19/2007

Date

Title: Agent

Representing: The Houston Exploration Company

Division of Oil, Gas and Mining
OPERATOR CHANGE WORKSHEET

ROUTING

1. DJJ

2. CDW

Change of Operator (Well Sold)

X - Operator Merger

The operator of the well(s) listed below has changed, effective:

6/1/2007

| | |
|---|--|
| FROM: (Old Operator): N2525 - The Houston Exploration Company 1100 Louisiana, Suite 2000 Houston, TX 77002 Phone: 1-(713) 830-6800 | TO: (New Operator): N6965-Forest Oil Corporation 707 17th St, Suite 3600 Denver, CO 80202 Phone: 1 (303) 812-1755 |
|---|--|

| CA No. | | | | Unit: | | | | |
|-------------------|-------------|--|--|--------|-----------|------------|-----------|-------------|
| WELL NAME | SEC TWN RNG | | | API NO | ENTITY NO | LEASE TYPE | WELL TYPE | WELL STATUS |
| SEE ATTACHED LIST | | | | | | | | |

OPERATOR CHANGES DOCUMENTATION

Enter date after each listed item is completed

- (R649-8-10) Sundry or legal documentation was received from the **FORMER** operator on: 7/30/2007
- (R649-8-10) Sundry or legal documentation was received from the **NEW** operator on: 7/30/2007
- The new company was checked on the **Department of Commerce, Division of Corporations Database** on: 7/31/2007
- a. Is the new operator registered in the State of Utah: Business Number: 571171-0143
- b. If **NO**, the operator was contacted on: _____
- a. (R649-9-2) Waste Management Plan has been received on: IN PLACE
- b. Inspections of LA PA state/fee well sites complete on: _____
- c. Reports current for Production/Disposition & Sundries on: YES
- Federal and Indian Lease Wells:** The BLM and or the BIA has approved the merger, name change, or operator change for all wells listed on Federal or Indian leases on: BLM 7/31/2007 BIA
- Federal and Indian Units:**
The BLM or BIA has approved the successor of unit operator for wells listed on: n/a
- Federal and Indian Communization Agreements ("CA"):**
The BLM or BIA has approved the operator for all wells listed within a CA on: n/a
- Underground Injection Control ("UIC")** The Division has approved UIC Form 5, **Transfer of Authority to Inject**, for the enhanced/secondary recovery unit/project for the water disposal well(s) listed on: n/a

DATA ENTRY:

- Changes entered in the **Oil and Gas Database** on: 8/27/2007
- Changes have been entered on the **Monthly Operator Change Spread Sheet** on: 8/27/2007
- Bond information entered in RBDMS on: 8/27/2007
- Fee/State wells attached to bond in RBDMS on: 8/27/2007
- Injection Projects to new operator in RBDMS on: n/a
- Receipt of Acceptance of Drilling Procedures for APD/New on: 7/30/2007

BOND VERIFICATION:

- Federal well(s) covered by Bond Number: 6236351
- Indian well(s) covered by Bond Number: n/a
- a. (R649-3-1) The **NEW** operator of any fee well(s) listed covered by Bond Number 6218963
- b. The **FORMER** operator has requested a release of liability from their bond on: not yet

LEASE INTEREST OWNER NOTIFICATION:

- (R649-2-10) The **FORMER** operator of the fee wells has been contacted and informed by a letter from the Division of their responsibility to notify all interest owners of this change on: 8/1/2007

COMMENTS:

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS

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| | | |
|--|--|--|
| 1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER _____ | | 5. LEASE DESIGNATION AND SERIAL NUMBER: See Attached List |
| 2. NAME OF OPERATOR: Forest Oil Corporation <i>N6965</i> | | 6. IF INDIAN, ALLOTTEE OR TRIBE NAME: |
| 3. ADDRESS OF OPERATOR: 707 17th Street, #3600 CITY Denver, STATE CO ZIP 80202 | | 7. UNIT or CA AGREEMENT NAME: |
| 4. LOCATION OF WELL FOOTAGES AT SURFACE: See attached list | | 8. WELL NAME and NUMBER: See Attached List |
| QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: | | 9. API NUMBER: various |
| COUNTY: | | 10. FIELD AND POOL, OR WILDCAT: |
| STATE: UTAH | | |

| 11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA | | | |
|--|---|---|--|
| TYPE OF SUBMISSION | TYPE OF ACTION | | |
| <input type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: _____ | <input type="checkbox"/> ACIDIZE | <input type="checkbox"/> DEEPEN | <input type="checkbox"/> REPERFORATE CURRENT FORMATION |
| | <input type="checkbox"/> ALTER CASING | <input type="checkbox"/> FRACTURE TREAT | <input type="checkbox"/> SIDETRACK TO REPAIR WELL |
| | <input type="checkbox"/> CASING REPAIR | <input type="checkbox"/> NEW CONSTRUCTION | <input type="checkbox"/> TEMPORARILY ABANDON |
| | <input type="checkbox"/> CHANGE TO PREVIOUS PLANS | <input type="checkbox"/> OPERATOR CHANGE | <input type="checkbox"/> TUBING REPAIR |
| | <input type="checkbox"/> CHANGE TUBING | <input type="checkbox"/> PLUG AND ABANDON | <input type="checkbox"/> VENT OR FLARE |
| <input checked="" type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: _____ | <input type="checkbox"/> CHANGE WELL NAME | <input type="checkbox"/> PLUG BACK | <input type="checkbox"/> WATER DISPOSAL |
| | <input type="checkbox"/> CHANGE WELL STATUS | <input type="checkbox"/> PRODUCTION (START/RESUME) | <input type="checkbox"/> WATER SHUT-OFF |
| | <input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS | <input type="checkbox"/> RECLAMATION OF WELL SITE | <input checked="" type="checkbox"/> OTHER: <u>Change of Operator</u> |
| | <input type="checkbox"/> CONVERT WELL TYPE | <input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION | |

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

N2525
Effective 6/1/2007 please change the operator for the attached list of Utah wells from The Houston Exploration Company N-2525) to Forest Oil Corporation (N-6965). Forest merged with The Houston Exploration Company, a copy of the merger document is attached.. The contract operated wells will continue to be contract operated by Enduring.

Forest Oil Corporation as new operator, accepts all applicable terms, conditions, stipulations and restrictions concerning approved operations conducted on the lease or portion of the lease described.

Forest Oil Corporation meets the State of Utah bonding requirements under Safeco bond #6218963.

Please send all future correspondence to Forest Oil Corporation at the above listed address.

Forest Oil Corporation, 707 17th Street, Suite #3600, Denver, CO 80202

JCR
J. C. Ridens, Senior Vice President - Western Region

7-5-07
Date

| | |
|---|--|
| NAME (PLEASE PRINT) <u>Joanne C. Hresko</u> | TITLE <u>Vice President & General Mgr. - Northern Division</u> |
| SIGNATURE <i>Joanne C. Hresko</i> | DATE <u>7-5-07</u> |

(This space for State use only)

APPROVED *8/12/07*
Earlene Russell
(5/2000) Division of Oil, Gas and Mining
Earlene Russell, Engineering Technician

All wells with APD or New status

(See Instructions on Reverse Side)

RECEIVED
JUL 30 2007

DIV OF OIL, GAS & MINING

wmp

| well_name | sec | tpw | rng | api | entity | lease | well | stat | flag |
|------------------------|-----|------|------|------------|--------|---------|------|------|------|
| HORSESHOE BEND 16-33 | 33 | 060S | 210E | 4304736214 | | Federal | OW | APD | |
| HORSESHOE BEND 3-33 | 33 | 060S | 210E | 4304736215 | | Federal | OW | APD | |
| N HORSESHOE 7-16-6-21 | 16 | 060S | 210E | 4304737438 | | State | GW | APD | C |
| N HORSESHOE 9-16-6-21 | 16 | 060S | 210E | 4304737439 | | State | GW | APD | C |
| N HORSESHOE 15-16-6-21 | 16 | 060S | 210E | 4304737440 | | State | GW | APD | C |
| N HORSESHOE 11-16-6-21 | 16 | 060S | 210E | 4304737441 | | State | GW | APD | C |
| N HORSESHOE 1-16-6-21 | 16 | 060S | 210E | 4304737442 | | State | GW | APD | C |
| N HORSESHOE 13-2-6-21 | 02 | 060S | 210E | 4304737476 | | State | GW | APD | C |
| N HORSESHOE 15-2-6-21 | 02 | 060S | 210E | 4304737477 | | State | GW | APD | C |
| GUSHER 2-2-6-19 | 02 | 060S | 190E | 4304737561 | | State | OW | APD | C |
| GUSHER 16-2-6-19 | 02 | 060S | 190E | 4304737562 | | State | OW | APD | C |
| GUSHER 1-2-6-19 | 02 | 060S | 190E | 4304737563 | | State | OW | APD | C |
| GUSHER 3-2-6-19 | 02 | 060S | 190E | 4304737568 | | State | OW | APD | C |
| E COYOTE 6-2-8-25 | 02 | 080S | 250E | 4304737572 | | State | GW | APD | C |
| E COYOTE 3-2-8-25 | 02 | 080S | 250E | 4304737573 | | State | GW | APD | C |
| E COYOTE 8-2-8-25 | 02 | 080S | 250E | 4304737574 | | State | GW | APD | C |
| N HORSESHOE 13-16-6-21 | 16 | 060S | 210E | 4304737575 | | State | GW | APD | C |
| E COYOTE 4-2-8-25 | 02 | 080S | 250E | 4304737882 | | State | GW | APD | C |
| E COYOTE 14-2-8-25 | 02 | 080S | 250E | 4304737883 | | State | GW | APD | C |
| E COYOTE 10-2-8-25 | 02 | 080S | 250E | 4304737884 | | State | GW | APD | C |
| E COYOTE 16-2-8-25 | 02 | 080S | 250E | 4304737885 | | State | GW | APD | C |
| E COYOTE 12-2-8-25 | 02 | 080S | 250E | 4304737886 | | State | GW | APD | C |
| N HORSESHOE 16-18-6-22 | 18 | 060S | 220E | 4304737887 | | Federal | GW | APD | C |
| N HORSESHOE 14-18-6-22 | 18 | 060S | 220E | 4304737888 | | Federal | GW | APD | C |
| N HORSESHOE 2-18-6-22 | 18 | 060S | 220E | 4304737889 | | Federal | GW | APD | C |
| N HORSESHOE 10-18-6-22 | 18 | 060S | 220E | 4304737890 | | Federal | GW | APD | C |
| N HORSESHOE 8-18-6-22 | 18 | 060S | 220E | 4304737891 | | Federal | GW | APD | C |
| N HORSESHOE 13-15-6-21 | 15 | 060S | 210E | 4304738013 | | Federal | GW | APD | C |
| N HORSESHOE 15-15-6-21 | 15 | 060S | 210E | 4304738014 | | Federal | GW | APD | C |
| N HORSESHOE 11-15-6-21 | 15 | 060S | 210E | 4304738015 | | Federal | GW | APD | C |
| N HORSESHOE 9-15-6-21 | 15 | 060S | 210E | 4304738016 | | Federal | GW | APD | C |
| N HORSESHOE 5-15-6-21 | 15 | 060S | 210E | 4304738017 | | Federal | GW | APD | C |
| N HORSESHOE 3-15-6-21 | 15 | 060S | 210E | 4304738018 | | Federal | GW | APD | C |
| N HORSESHOE 5-20-6-22 | 20 | 060S | 220E | 4304738019 | | Federal | GW | APD | C |
| N HORSESHOE 13-20-6-22 | 20 | 060S | 220E | 4304738020 | | Federal | GW | APD | C |
| N HORSESHOE 3-20-6-22 | 20 | 060S | 220E | 4304738021 | | Federal | GW | APD | C |
| N HORSESHOE 7-20-6-22 | 20 | 060S | 220E | 4304738022 | | Federal | GW | APD | C |
| N HORSESHOE 11-20-6-22 | 20 | 060S | 220E | 4304738023 | | Federal | GW | APD | C |
| N HORSESHOE 2-12-6-21 | 12 | 060S | 210E | 4304738198 | | Federal | GW | APD | C |
| N HORSESHOE 14-12-6-21 | 12 | 060S | 210E | 4304738199 | | Federal | GW | APD | C |
| N HORSESHOE 10-12-6-21 | 12 | 060S | 210E | 4304738200 | | Federal | GW | APD | C |
| N HORSESHOE 8-12-6-21 | 12 | 060S | 210E | 4304738201 | | Federal | GW | APD | C |
| N HORSESHOE 16-13-6-21 | 13 | 060S | 210E | 4304738202 | | Federal | GW | APD | C |
| N HORSESHOE 15-17-6-22 | 17 | 060S | 220E | 4304738203 | | Federal | GW | APD | C |
| N HORSESHOE 5-19-6-22 | 19 | 060S | 220E | 4304738204 | | Federal | GW | APD | C |
| N HORSESHOE 15-19-6-22 | 19 | 060S | 220E | 4304738205 | | Federal | GW | APD | C |
| N HORSESHOE 3-21-6-22 | 21 | 060S | 220E | 4304738206 | | Federal | GW | APD | C |
| N HORSESHOE 11-21-6-22 | 21 | 060S | 220E | 4304738207 | | Federal | GW | APD | C |
| N HORSESHOE 15-21-6-22 | 21 | 060S | 220E | 4304738208 | | Federal | GW | APD | C |
| N HORSESHOE 13-21-6-22 | 21 | 060S | 220E | 4304738209 | | Federal | GW | APD | C |
| N HORSESHOE 5-21-6-22 | 21 | 060S | 220E | 4304738210 | | Federal | GW | APD | C |
| N HORSESHOE 7-19-6-22 | 19 | 060S | 220E | 4304738271 | | Federal | GW | APD | C |
| N HORSESHOE 5-16-6-22 | 16 | 060S | 220E | 4304738406 | | State | GW | APD | |

| well_name | sec | twp | rng | api | entity | lease | well | stat | flag |
|----------------------------|-----|------|------|------------|--------|---------|------|------|------|
| TWELVEMILE WASH 11-13-5-20 | 13 | 050S | 200E | 4304738437 | | Federal | GW | APD | C |
| TWELVEMILE WASH 1-15-5-20 | 15 | 050S | 200E | 4304738438 | | Federal | GW | APD | C |
| N HORSESHOE 4-33-5-21 | 33 | 050S | 210E | 4304738439 | | Federal | GW | APD | C |
| GUSHER 6-15-6-19 | 15 | 060S | 190E | 4304738440 | | Federal | GW | APD | C |
| HORSESHOE BEND W 9-34-6-20 | 34 | 060S | 200E | 4304738441 | | Federal | GW | APD | C |
| N HORSESHOE 16-12-6-21 | 12 | 060S | 210E | 4304738442 | | Federal | GW | APD | C |
| N WALKER HOLLOW 12-29-6-23 | 29 | 060S | 230E | 4304738443 | | Federal | GW | APD | C |
| N WALKER HOLLOW 10-30-6-23 | 30 | 060S | 230E | 4304738444 | | Federal | GW | APD | C |
| PELICAN LAKE 11-3-8-20 | 03 | 080S | 200E | 4304738445 | | Federal | GW | APD | C |
| PELICAN LAKE 8-4-8-20 | 04 | 080S | 200E | 4304738446 | | Federal | GW | APD | C |
| E COYOTE 10-3-8-25 | 03 | 080S | 250E | 4304738447 | | Federal | GW | APD | C |
| BORDER 10-9-8-25 | 09 | 080S | 250E | 4304738448 | | Federal | GW | APD | C |
| N WALKER HOLLOW 14-33-6-23 | 33 | 060S | 230E | 4304738455 | | Federal | GW | APD | C |
| SNAKE JOHN WASH 14-11-7-25 | 11 | 070S | 250E | 4304738456 | | Federal | GW | APD | C |
| SNAKE JOHN WASH 4-24-7-25 | 24 | 070S | 250E | 4304738457 | | Federal | GW | APD | C |
| SQUAW RIDGE 1-26-7-25 | 26 | 070S | 250E | 4304738458 | | Federal | GW | APD | C |
| SQUAW RIDGE 13-28-7-25 | 28 | 070S | 250E | 4304738459 | | Federal | GW | APD | C |
| SQUAW RIDGE 16-30-7-25 | 30 | 070S | 250E | 4304738460 | | Federal | GW | APD | C |
| SQUAW RIDGE 14-16-7-25 | 16 | 070S | 250E | 4304738461 | | State | GW | APD | C |
| GUSHER 13-11-5-19 | 11 | 050S | 190E | 4304738462 | | State | GW | APD | C |
| N HORSESHOE 1-15-6-21 | 15 | 060S | 210E | 4304738831 | | Federal | GW | APD | C |
| N HORSESHOE 16-9-6-22 | 09 | 060S | 220E | 4304739083 | | State | GW | APD | |
| N HORSESHOE 12-7-6-22 | 07 | 060S | 220E | 4304739084 | | State | GW | APD | |
| N HORSESHOE 14-10-6-22 | 10 | 060S | 220E | 4304739085 | | State | GW | APD | |
| N HORSESHOE 2-15-6-22 | 15 | 060S | 220E | 4304739086 | | State | GW | APD | |
| N WALKER HOLLOW 12-32-6-23 | 32 | 060S | 230E | 4304739087 | | State | GW | APD | |
| N WALKER HOLLOW 10-32-6-23 | 32 | 060S | 230E | 4304739088 | | State | GW | APD | |
| N WALKER HOLLOW 16-32-6-23 | 32 | 060S | 230E | 4304739089 | | State | GW | APD | |
| N WALKER HOLLOW 8-32-6-23 | 32 | 060S | 230E | 4304739090 | | State | GW | APD | |
| N WALKER HOLLOW 11-36-6-23 | 36 | 060S | 230E | 4304739091 | | State | GW | APD | |
| N WALKER HOLLOW 13-36-6-23 | 36 | 060S | 230E | 4304739092 | | State | GW | APD | |
| N WALKER HOLLOW 14-32-6-23 | 32 | 060S | 230E | 4304739093 | | State | GW | APD | |
| N WALKER HOLLOW 15-36-6-23 | 36 | 060S | 230E | 4304739094 | | State | GW | APD | |
| N HORSESHOE 4-15-6-22 | 15 | 060S | 220E | 4304739095 | | State | GW | APD | |
| N HORSESHOE 9-10-6-21 | 10 | 060S | 210E | 4304739284 | | Federal | GW | APD | C |
| N HORSESHOE 12-13-6-21 | 13 | 060S | 210E | 4304739285 | | Federal | GW | APD | |
| N HORSESHOE 7-15-6-21 | 15 | 060S | 210E | 4304739286 | | Federal | GW | APD | |
| N HORSESHOE 9-19-6-22 | 19 | 060S | 220E | 4304739287 | | Federal | GW | APD | |
| N HORSESHOE 13-19-6-22 | 19 | 060S | 220E | 4304739288 | | Federal | GW | APD | |
| N HORSESHOE 11-19-6-22 | 19 | 060S | 220E | 4304739289 | | Federal | GW | APD | |
| SQUAW RIDGE 16-13-7-24 | 13 | 070S | 240E | 4304739319 | | Federal | GW | APD | C |
| N HORSESHOE 16-7-6-22 | 07 | 060S | 220E | 4304739320 | | Federal | GW | APD | C |
| SQUAW RIDGE 8-16-7-25 | 16 | 070S | 250E | 4304738024 | | State | GW | NEW | C |

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Request to Transfer Application or Permit to Drill

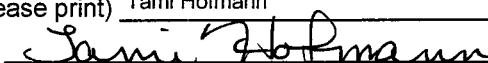
(This form should accompany a Sundry Notice, Form 9, requesting APD transfer)

| | |
|---|--|
| Well name: | N Walker Hollow 12-29-6-23 |
| API number: | 4304738443 |
| Location: | Qtr-Qtr: NWSW Section: 29 Township: 6S Range: 23E |
| Company that filed original application: | The Houston Exploration Company |
| Date original permit was issued: | 08/14/2006 |
| Company that permit was issued to: | The Houston Exploration Company |

| Check one | Desired Action: |
|-------------------------------------|---|
| | Transfer pending (unapproved) Application for Permit to Drill to new operator |
| | The undersigned as owner with legal rights to drill on the property, hereby verifies that the information as submitted in the pending Application for Permit to Drill, remains valid and does not require revision. The new owner of the application accepts and agrees to the information and procedures as stated in the application. |
| <input checked="" type="checkbox"/> | Transfer approved Application for Permit to Drill to new operator |
| | The undersigned as owner with legal rights to drill on the property as permitted, hereby verifies that the information as submitted in the previously approved application to drill, remains valid and does not require revision. |

| Following is a checklist of some items related to the application, which should be verified. | Yes | No |
|---|-------------------------------------|-------------------------------------|
| If located on private land, has the ownership changed? | | <input checked="" type="checkbox"/> |
| If so, has the surface agreement been updated? | | |
| Have any wells been drilled in the vicinity of the proposed well which would affect the spacing or siting requirements for this location? | | <input checked="" type="checkbox"/> |
| Have there been any unit or other agreements put in place that could affect the permitting or operation of this proposed well? | | <input checked="" type="checkbox"/> |
| Have there been any changes to the access route including ownership or right-of-way, which could affect the proposed location? | | <input checked="" type="checkbox"/> |
| Has the approved source of water for drilling changed? | | <input checked="" type="checkbox"/> |
| Have there been any physical changes to the surface location or access route which will require a change in plans from what was discussed at the onsite evaluation? | | <input checked="" type="checkbox"/> |
| Is bonding still in place, which covers this proposed well? Bond No. 6218963 | <input checked="" type="checkbox"/> | |

Any desired or necessary changes to either a pending or approved Application for Permit to Drill that is being transferred, should be filed on a Sundry Notice, Form 9, or amended Application for Permit to Drill, Form 3, as appropriate, with necessary supporting information as required.

Name (please print) Tami Hofmann Title Regulatory Specialist
Signature  Date 08/06/2007
Representing (company name) Forest Oil Corporation

The person signing this form must have legal authority to represent the company or individual(s) to be listed as the new operator on the Application for Permit to Drill.

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 9

CONFIDENTIAL

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

| | | |
|--|--|--|
| 1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____ | | 5. LEASE DESIGNATION AND SERIAL NUMBER: UTU-76280 |
| 2. NAME OF OPERATOR: Forest Oil Corporation | | 6. IF INDIAN, ALLOTTEE OR TRIBE NAME: |
| 3. ADDRESS OF OPERATOR: 707 17th ST Suite 3600 CITY: Denver STATE: CO ZIP: 80202 | | 7. UNIT or CA AGREEMENT NAME: |
| 4. LOCATION OF WELL FOOTAGES AT SURFACE: 1822 FSL & 639 FWL COUNTY: Uintah QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NWSW 29 6S 23E S STATE: UTAH | | 8. WELL NAME and NUMBER: North Walker Hollow 12-29-6-23 |
| PHONE NUMBER: (303) 812-1755 | | 9. API NUMBER: 4304738443 |
| | | 10. FIELD AND POOL, OR WILDCAT: Exploratory |

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

| TYPE OF SUBMISSION | TYPE OF ACTION | | |
|--|---|---|---|
| <input checked="" type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: _____ | <input type="checkbox"/> ACIDIZE | <input type="checkbox"/> DEEPEN | <input type="checkbox"/> REPERFORATE CURRENT FORMATION |
| | <input type="checkbox"/> ALTER CASING | <input type="checkbox"/> FRACTURE TREAT | <input type="checkbox"/> SIDETRACK TO REPAIR WELL |
| | <input type="checkbox"/> CASING REPAIR | <input type="checkbox"/> NEW CONSTRUCTION | <input type="checkbox"/> TEMPORARILY ABANDON |
| | <input type="checkbox"/> CHANGE TO PREVIOUS PLANS | <input type="checkbox"/> OPERATOR CHANGE | <input type="checkbox"/> TUBING REPAIR |
| | <input type="checkbox"/> CHANGE TUBING | <input type="checkbox"/> PLUG AND ABANDON | <input type="checkbox"/> VENT OR FLARE |
| <input type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: _____ | <input type="checkbox"/> CHANGE WELL NAME | <input type="checkbox"/> PLUG BACK | <input type="checkbox"/> WATER DISPOSAL |
| | <input type="checkbox"/> CHANGE WELL STATUS | <input type="checkbox"/> PRODUCTION (START/RESUME) | <input type="checkbox"/> WATER SHUT-OFF |
| | <input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS | <input type="checkbox"/> RECLAMATION OF WELL SITE | <input checked="" type="checkbox"/> OTHER: <u>Extension</u> |
| | <input type="checkbox"/> CONVERT WELL TYPE | <input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION | |

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

The Operator respectfully request a one year approval extension for the subject location.

Approved by the
Utah Division of
Oil, Gas and Mining

Date: 08-25-2008

By: [Signature]

COPY SENT TO OPERATOR

Date: 8-27-2008

Initials: KS

NAME (PLEASE PRINT) Ginger Bowden TITLE Agent
SIGNATURE [Signature] DATE 8/13/08

(This space for State use only)

(See Instructions on Reverse Side)

RECEIVED

AUG 21 2008

DIV. OF OIL, GAS & MINING

**Application for Permit to Drill
Request for Permit Extension
Validation**

(this form should accompany the Sundry Notice requesting permit extension)

API: 4304738443
Well Name: North Walker Hollow 12-29-6-23
Location: NWSW Sec. 29, T6S, R23E
Company Permit Issued to: The Houston Exploration Company
Date Original Permit Issued: 8/14/2006

The undersigned as owner with legal rights to drill on the property as permitted above, hereby verifies that the information as submitted in the previously approved application to drill, remains valid and does not require revision.

Following is a checklist of some items related to the application, which should be verified.

If located on private land, has the ownership changed, if so, has the surface agreement been updated? Yes ☐ No ☒

Have any wells been drilled in the vicinity of the proposed well which would affect the spacing or siting requirements for this location? Yes ☐ No ☒


Has there been any unit or other agreements put in place that could affect the permitting or operation of this proposed well? Yes ☐ No ☒

Have there been any changes to the access route including ownership, or right-of-way, which could affect the proposed location? Yes ☐ No ☒

Has the approved source of water for drilling changed? Yes ☐ No ☒

Have there been any physical changes to the surface location or access route which will require a change in plans from what was discussed at the onsite evaluation? Yes ☐ No ☒

Is bonding still in place, which covers this proposed well? Yes ☒ No ☐


Signature

8/14/2008

Date

Title: Agent

Representing: Forest Oil Corporation

RECEIVED
AUG 21 2008
DIV. OF OIL, GAS & MINING

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTFORM APPROVED
OMB NO. 1004-0137
Expires July 31, 2010

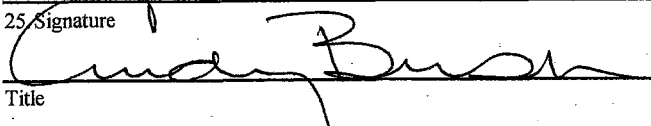
APPLICATION FOR PERMIT TO DRILL OR REENTER

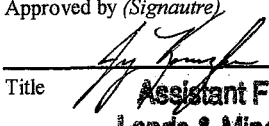
| | | |
|---|--|--|
| 1a. Type of Work <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER | | 5. Lease Serial No. UTU-76280 |
| 1b. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input checked="" type="checkbox"/> Multiple Zone | | 6. If Indian, Allottee or Tribe Name |
| 2. Name of Operator Forest Oil Corporation | | 7. Unit or CA Agreement Name and No. North Walker Hollow |
| 3a. Address 707 17th Street, Suite 3600 Denver, CO 80202 | | 8. Lease Name and Well No. North Walker Hollow 12-29-6-23 |
| 3b. Phone No. (include area code) (303) 812-1554 | | 9. API Well No. 43-047-38443 |
| 4. Location of Well (Report location clearly and in accordance with any State requirements)* At surface 1822 FSL & 639 FWL NWSW At proposed prod. zone same as above | | 10. Field and Pool, or Exploratory Undesignated |
| 14. Distance in miles and direction from nearest town or post office* 23.95 miles south of Vernal, UT | | 11. Sec., T., R., M., or Blk. and Survey or Area Sec 29-T6S-R23E SLB&M |
| 15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drg. unit line, if any) 639' | 16. No. of Acres in lease 1360 | 17. Spacing Unit dedicated to this well 40 Acres |
| 18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. N/A | 19. Proposed Depth 10,500' | 20. BLM/BIA Bond No. on file WYB000101 |
| 21. Elevations (Show whether DF, KDB, RT, GL, etc.) 4,875' GL | 22. Approximate date work will start* ASAP | 23. Estimated duration 30 day |

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, must be attached to this form:

- | | |
|--|---|
| 1. Well plat certified by a registered surveyor. | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above). |
| 2. A Drilling Plan. | 5. Operator certification. |
| 3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO must be filed with the appropriate Forest Service Office). | 6. Such other site specific information and/or plans as may be required by the BLM |

| | | |
|---|---|------------------------|
| 25. Signature  | Name (Printed/Typed) Cindy Bush | Date 7-31-06 |
| Title Sr. Regulatory Tech | | |

| | | |
|---|---|----------------------------|
| Approved by (Signature)  | Name (Printed/Typed) Terry Kewels | Date APR 16 2009 |
| Title Assistant Field Manager Lands & Mineral Resources | Office VERNAL FIELD OFFICE | |

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.
Conditions of approval, if any, are attached.**CONDITIONS OF APPROVAL ATTACHED**

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Continued on page 2)

*(Instructions on page 2)

2009 APR 15 PM 12 15

RECEIVED
VERNAL FIELD OFFICENOTICE OF APPROVAL
RECEIVED
APR 22 2009DIV. OF OIL, GAS & MINING
06BM 2350A

UDOGM

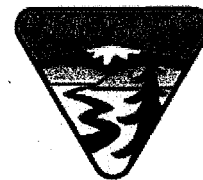


UNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
VERNAL FIELD OFFICE

170 South 500 East

VERNAL, UT 84078

(435) 781-4400



CONDITIONS OF APPROVAL FOR APPLICATION FOR PERMIT TO DRILL

Company: Forest Oil Corporation
Well No: North Walker Hollow 12-29-6-23
API No: 43-047-38443

Location: NWSW, Sec. 29, T6S, R23E
Lease No: UTU-76280
Agreement: North Walker Hollow Unit

| Title | Name | Office Phone Number | Cell Phone Number |
|-----------------------------------|--------------------|---------------------|-------------------|
| Petroleum Engineer: | Matt Baker | (435) 781-4490 | (435) 828-4470 |
| Petroleum Engineer: | Michael Lee | (435) 781-4432 | (435) 828-7875 |
| Petroleum Engineer: | Ryan Angus | (435) 781-4430 | (435) 828-7368 |
| Supervisory Petroleum Technician: | Jamie Sparger | (435) 781-4502 | (435) 828-3913 |
| Supervisory NRS: | Karl Wright | (435) 781-4484 | |
| NRS/Enviro Scientist: | Christine Cimiluca | (435) 781-4475 | |
| NRS/Enviro Scientist: | Dan Emmett | (435) 781-3414 | (435) 828-4029 |
| NRS/Enviro Scientist: | Anna Figueroa | (435) 781-3407 | (435) 828-3548 |
| NRS/Enviro Scientist: | Lori Ford | (435) 781-4406 | |
| NRS/Enviro Scientist: | David Gordon | (435) 781-4424 | |
| NRS/Enviro Scientist: | James Hereford | (435) 781-3412 | (435) 828-3546 |
| NRS/Enviro Scientist: | Chuck Macdonald | (435) 781-4441 | (435) 828-7481 |
| NRS/Enviro Scientist: | Nathan Packer | (435) 781-3405 | (435) 828-3545 |
| NRS/Enviro Scientist: | Paul Percival | (435) 781-4493 | (435) 828-7381 |
| NRS/Enviro Scientist: | Verlyn Pindell | (435) 781-3402 | (435) 828-3547 |
| NRS/Enviro Scientist: | Holly Villa | (435) 781-4404 | (435) 828-3544 |

Fax: (435) 781-3420

**A COPY OF THESE CONDITIONS SHALL BE FURNISHED TO YOUR
FIELD REPRESENTATIVE TO INSURE COMPLIANCE**

All lease and/or unit operations are to be conducted in such a manner that full compliance is made with the applicable laws, regulations (43 CFR Part 3160), and this approved Application for Permit to Drill including Surface and Downhole Conditions of Approval. The operator is considered fully responsible for the actions of his subcontractors. A copy of the approved APD must be on location during construction, drilling, and completion operations. **This permit is approved for a two (2) year period, or until lease expiration, whichever occurs first. An additional extension, up to two (2) years, may be applied for by sundry notice prior to expiration.**

NOTIFICATION REQUIREMENTS

| | | |
|---|---|--|
| Location Construction (Notify Environmental Scientist) | - | Forty-Eight (48) hours prior to construction of location and access roads. |
| Location Completion (Notify Environmental Scientist) | - | Prior to moving on the drilling rig. |
| Spud Notice (Notify Petroleum Engineer) | - | Twenty-Four (24) hours prior to spudding the well. |
| Casing String & Cementing (Notify Supv. Petroleum Tech.) | - | Twenty-Four (24) hours prior to running casing and cementing all casing strings. |
| BOP & Related Equipment Tests (Notify Supv. Petroleum Tech.) | - | Twenty-Four (24) hours prior to initiating pressure tests. |
| First Production Notice (Notify Petroleum Engineer) | - | Within Five (5) business days after new well begins or production resumes after well has been off production for more than ninety (90) days. |

**SURFACE USE PROGRAM
CONDITIONS OF APPROVAL (COAs)**

- All new and replacement internal combustion gas field engines of less than or equal to 300 design-rated horsepower must not emit more than 2 gms of NO_x per horsepower-hour. This requirement does not apply to gas field engines of less than or equal to 40 design-rated horsepower.
- All and replacement internal combustion gas field engines of greater than 300 design rated horsepower must not emit more than 1.0 gms of NO_x per horsepower-hour.
- If there is an active Gilsonite mining operation within 2 miles of the well location, operator shall notify the Gilsonite operator at least 48 hours prior to any blasting during construction.
- If paleontological materials are uncovered during construction, the operator is to immediately stop work and contact the Authorized Officer (AO). A determination will be made by the AO as to what mitigation may be necessary for the discovered paleontologic material before construction can continue.
- Surface Conditions of Approval or monitoring are listed in the Surface Use Plan of the APDs.
- Where the access is a class B county road and the pipeline parallels the class B county road, the pipeline will need to be coordinated with Uintah County.
- The operator will control noxious weeds along corridors for roads, pipelines, well sites, or other applicable facilities, through a Pesticide Use Proposal (PUP).
- An Interim Surface Reclamation Plan for surface disturbance on the well pad, access road, and pipeline will be completed. At a minimum, this will include the Best Management Practice of the reshaping of the pad to the original contour to the extent possible; the re-spreading of the top soil up to the rig anchor points; and, reseeding the area using appropriate reclamation methods.

The interim seed mix for reclamation will be:

Interim Reclamation seed mix

| | | |
|-----------------------------|--|----------------|
| Hy-crest crested wheatgrass | <i>Agropyron cristatum</i> | 3 lbs. /acre |
| Needle and thread grass | <i>Stipa comata</i> | 3 lbs. /acre |
| Squirrel tail | <i>Sitanion hystrix</i> | 3 lbs. /acre |
| Scarlet globemallow | <i>Sphaeralcea coccinea</i> | 1 lbs. /acre |
| Shadscale | <i>Atriplex confertifolia</i> | 2 lbs. /acre |
| Wyoming sagebrush | <i>Artemesia tridentata wyomingensis</i> | 0.5 lbs. /acre |

- Following well plugging and abandonment, the location, access roads, pipelines, and other facilities shall be reclaimed. All disturbed surfaces shall be reshaped to approximate the original contour; the top soil re-spread over the surface; and, the surface re-vegetated. The surface of approved staging areas where construction activities did not occur may require disking or ripping and reseeding.

**DOWNHOLE PROGRAM
CONDITIONS OF APPROVAL (COAs)**

SITE SPECIFIC DOWNHOLE COAs:

- 2M BOPE shall be required, when drilling out 20 inch casing shoe.
- 3M BOPE shall be required, when drilling out 13 3/8 inch casing shoe.
- A cement Bond Log (CBL) shall be run in the production casing from the TD to the top of cement. A field copy of the CBL shall be submitted to the BLM Vernal Field Office for review.

All provisions outlined in Onshore Oil & Gas Order #2 Drilling Operations shall be strictly adhered to. The following items are emphasized:

DRILLING/COMPLETION/PRODUCING OPERATING STANDARDS

- The spud date and time shall be reported orally to Vernal Field Office within 24 hours of spudding.
- Notify Vernal Field Office Supervisory Petroleum Engineering Technician at least 24 hours in advance of casing cementing operations and BOPE & casing pressure tests.
- All requirements listed in Onshore Order #2 III. E. Special Drilling Operations are applicable for air drilling of surface hole.
- Blowout prevention equipment (BOPE) shall remain in use until the well is completed or abandoned. Closing unit controls shall remain unobstructed and readily accessible at all times. Choke manifolds shall be located outside of the rig substructure.
- All BOPE components shall be inspected daily and those inspections shall be recorded in the daily drilling report. Components shall be operated and tested as required by Onshore Oil & Gas Order No. 2 to insure good mechanical working order. All BOPE pressure tests shall be performed by a test pump with a chart recorder and **NOT** by the rig pumps. Test shall be reported in the driller's log.
- BOP drills shall be initially conducted by each drilling crew within 24 hours of drilling out from under the surface casing and weekly thereafter as specified in Onshore Oil & Gas Order No. 2.
- Casing pressure tests are required before drilling out from under all casing strings set and cemented in place.
- No aggressive/fresh hard-banded drill pipe shall be used within casing.
- **Cement baskets shall not be run on surface casing.**
- The operator must report all shows of water or water-bearing sands to the BLM. If flowing water is encountered it must be sampled, analyzed, and a copy of the analyses submitted to the BLM Vernal Field Office.

- The operator must report encounters of all non oil & gas mineral resources (such as Gilsonite, tar sands, oil shale, trona, etc.) to the Vernal Field Office, in writing, within 5 working days of each encounter. Each report shall include the well name/number, well location, date and depth (from KB or GL) of encounter, vertical footage of the encounter and, the name of the person making the report (along with a telephone number) should the BLM need to obtain additional information.
- A complete set of angular deviation and directional surveys of a directional well will be submitted to the Vernal BLM office engineer within 30 days of the completion of the well.
- While actively drilling, chronologic drilling progress reports shall be filed directly with the BLM, Vernal Field Office on a weekly basis in sundry, letter format or e-mail to the Petroleum Engineers until the well is completed.
- A cement bond log (CBL) will be run from the production casing shoe to the top of cement and shall be utilized to determine the bond quality for the production casing. Submit a field copy of the CBL to this office.
- **Please submit an electronic copy of all other logs run on this well in LAS format to UT_VN_Welllogs@BLM.gov. This submission will supersede the requirement for submittal of paper logs to the BLM.**
- There shall be no deviation from the proposed drilling, completion, and/or workover program as approved. Safe drilling and operating practices must be observed. Any changes in operation must have prior approval from the BLM Vernal Field Office.

OPERATING REQUIREMENT REMINDERS:

- All wells, whether drilling, producing, suspended, or abandoned, shall be identified in accordance with 43 CFR 3162.6. There shall be a sign or marker with the name of the operator, lease serial number, well number, and surveyed description of the well.
- In accordance with 43 CFR 3162.4-3, this well shall be reported on the "Monthly Report of Operations" (Oil and Gas Operations Report ((OGOR)) starting with the month in which operations commence and continue each month until the well is physically plugged and abandoned. This report shall be filed in duplicate, directly with the Minerals Management Service, P.O. Box 17110, Denver, Colorado 80217-0110, or call 1-800-525-7922 (303) 231-3650 for reporting information.
- Should the well be successfully completed for production, the BLM Vernal Field office must be notified when it is placed in a producing status. Such notification will be by written communication and must be received in this office by not later than the fifth business day following the date on which the well is placed on production. The notification shall provide, as a minimum, the following informational items:
 - Operator name, address, and telephone number.
 - Well name and number.
 - Well location (¼¼, Sec., Twn, Rng, and P.M.).
 - Date well was placed in a producing status (date of first production for which royalty will be paid).
 - The nature of the well's production, (i.e., crude oil, or crude oil and casing head gas, or natural gas and entrained liquid hydrocarbons).
 - The Federal or Indian lease prefix and number on which the well is located; otherwise the non-Federal or non-Indian land category, i.e., State or private.
 - Unit agreement and/or participating area name and number, if applicable.
 - Communitization agreement number, if applicable.
- Any venting or flaring of gas shall be done in accordance with Notice to Lessees (NTL) 4A and needs prior approval from the BLM Vernal Field Office.
- All undesirable events (fires, accidents, blowouts, spills, discharges) as specified in NTL 3A will be reported to the BLM, Vernal Field Office. Major events, as defined in NTL3A, shall be reported verbally within 24 hours, followed by a written report within 15 days. "Other than Major Events" will be reported in writing within 15 days. "Minor Events" will be reported on the Monthly Report of Operations and Production.
- Whether the well is completed as a dry hole or as a producer, "Well Completion and Recompletion Report and Log" (BLM Form 3160-4) shall be submitted not later than 30 days after completion of the well or after completion of operations being performed, in accordance with 43 CFR 3162.4-1. Two copies of all logs run, core descriptions, and all other surveys or

data obtained and compiled during the drilling, workover, and/or completion operations, shall be filed on BLM Form 3160-4. Submit with the well completion report a geologic report including, at a minimum, formation tops, and a summary and conclusions. Also include deviation surveys, sample descriptions, strip logs, core data, drill stem test data, and results of production tests if performed. Samples (cuttings, fluid, and/or gas) shall be submitted only when requested by the BLM, Vernal Field Office.

- All off-lease storage, off-lease measurement, or commingling on-lease or off-lease, shall have prior written approval from the BLM Vernal Field Office.
- Oil and gas meters shall be calibrated in place prior to any deliveries. The BLM Vernal Field Office Petroleum Engineers will be provided with a date and time for the initial meter calibration and all future meter proving schedules. A copy of the meter calibration reports shall be submitted to the BLM Vernal Field Office. All measurement facilities will conform to the API standards for liquid hydrocarbons and the AGA standards for natural gas measurement. All measurement points shall be identified as the point of sale or allocation for royalty purposes.
- A schematic facilities diagram as required by Onshore Oil & Gas Order No. 3 shall be submitted to the BLM Vernal Field Office within 30 days of installation or first production, whichever occurs first. All site security regulations as specified in Onshore Oil & Gas Order No. 3 shall be adhered to. All product lines entering and leaving hydrocarbon storage tanks will be effectively sealed in accordance with Onshore Oil & Gas Order No. 3.
- Any additional construction, reconstruction, or alterations of facilities, including roads, gathering lines, batteries, etc., which will result in the disturbance of new ground, shall require the filing of a suitable plan and need prior approval of the BLM Vernal Field Office. Emergency approval may be obtained orally, but such approval does not waive the written report requirement.
- No location shall be constructed or moved, no well shall be plugged, and no drilling or workover equipment shall be removed from a well to be placed in a suspended status without prior approval of the BLM Vernal Field Office. If operations are to be suspended for more than 30 days, prior approval of the BLM Vernal Field Office shall be obtained and notification given before resumption of operations.
- Pursuant to Onshore Oil & Gas Order No. 7, this is authorization for pit disposal of water produced from this well for a period of 90 days from the date of initial production. A permanent disposal method must be approved by this office and in operation prior to the end of this 90-day period. In order to meet this deadline, an application for the proposed permanent disposal method shall be submitted along with any necessary water analyses, as soon as possible, but no later than 45 days after the date of first production. Any method of disposal which has not been approved prior to the end of the authorized 90-day period will be considered as an Incident of Noncompliance and will be grounds for issuing a shut-in order until an acceptable manner for disposing of said water is provided and approved by this office.
- Unless the plugging is to take place immediately upon receipt of oral approval, the Field Office Petroleum Engineers must be notified at least 24 hours in advance of the plugging of the well, in order that a representative may witness plugging operations. If a well is suspended or abandoned, all pits must be fenced immediately until they are backfilled. The "Subsequent Report of Abandonment" (Form BLM 3160-5) must be submitted within 30 days after the actual plugging of the well bore, showing location of plugs, amount of cement in each, and amount of casing left in hole, and the current status of the surface restoration.

LA

10/14/2009



United States Department of the Interior

BUREAU OF LAND MANAGEMENT
Green River District-Vernal Field Office
170 South 500 East
Vernal, UT 84078
(435) 781-4400 Fax: (435) 781-4410
<http://www.blm.gov/ut/st/en/fo/vernal.html>

IN REPLY REFER TO
3160
UTG011

September 18, 2009

Charles A. Rasey
Forest Oil Corporation
707 17th Street, Suite 3600
Denver, CO 80202

43-047-38443

Re: Notice of APD/Lease Expiration
Well No. North Walker Hollow 12-29-6-23
NWSW, Sec. 29, T6S, R23E
Uintah County, Utah
Lease No. UTU-76280
(North Walker Hollow Unit Invalidated,
effective July 22, 2009.)

Dear Mr. Rasey:

The Application for Permit to Drill (APD) for the above-referenced well was approved on April 16, 2009. According to our records, Federal Lease UTU-76280 has expired by its own terms and conditions, effective July 31, 2009 and the case was closed at the BLM State Office on August 20, 2009. In view of the foregoing, this office is notifying you that the approval of the referenced application and lease has expired.

This office requires a letter confirming that no surface disturbance has been made for this drill site. Any surface disturbance associated with the approved location of this well is to be rehabilitated. A schedule for this rehabilitation must be submitted to this office. Your cooperation in this matter is appreciated.

If you have any questions regarding this matter, please contact me at (435) 781-4455.

Sincerely,

Cindy Severson

Cindy Severson
Land Law Examiner

cc: UDOGM

RECEIVED

OCT 08 2009

DIV. OF OIL, GAS & MINING



JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

October 14, 2009

Forest Oil Corporation
707 17th Street, Suite 3600
Denver, CO 80202

Re: APD Rescinded – N Walker Hollow 12-29-6-23, Sec.29 T.6S, R.23E
Uintah County, Utah API No. 43-047-38443

Ladies and Gentlemen:

The Application for Permit to Drill (APD) for the subject well was approved by the Division of Oil, Gas and Mining (Division) on August 14, 2006. On July 26, 2007 and August 25, 2008, the Division granted a one-year APD extension. No drilling activity at this location has been reported to the division. Therefore, approval to drill the well is hereby rescinded, effective October 14, 2009.

A new APD must be filed with this office for approval prior to the commencement of any future work on the subject location.

If any previously unreported operations have been performed on this well location, it is imperative that you notify the Division immediately.

Sincerely,

Diana Mason
Environmental Scientist

cc: Well File
Bureau of Land Management, Vernal

